# FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,926

Friday July 27 1979



CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr. 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 20p

## NEWS SUMMARY

### GENERAL

## Halt in Civil Service dispersal

The Government halted a large part of the plan to move 25,000 Civil Service jobs from London to the regions.

The curtailment will save more than £200m in capital building and other costs in the five years to 1983-84.

The Government's plan to scale down the last administration's dispersal programme means that up to 7,000 civil servants will join those already relocated. That is a 60 per cent reduction in Labour's 30,000 target. Back Page

### Labour set on collision course

In spite of an appeal for unity by Mr. James Callaghan, the Labour Party's Left and Right wings are set on a collision course on the issue of who should control election programmes.

At a joint meeting of the party's national executive and the Shadow Cabinet, Mr. Callaghan warned that the party was in danger of tearing itself apart. He made it clear that he was ready to fight the Left's proposals. Back Page

### China accused

Vietnam accused China of massing troops on its border, occupying its territory and preparing for war. Meanwhile the Peking Government warned that it would have to "teach Vietnam another lesson" if it did not end border violations. Page 4

### Reddy's choice

Indian Opposition leader Charan Singh, 76, was asked by President Sanjiva Reddy to form a new Government and to succeed the outgoing Prime Minister Moraji Desai. Back Page

### Clore dies

Sir Charles Clore, the financier and philanthropist, died of cancer in a London clinic, aged 74. His business interests included the Sears group of department stores, shoe manufacturing and retailing. His personal fortune is estimated at £50m. Page 8

### Mixed wards go

The Government is to end mixed sex wards in National Health Service hospitals, Dr. Gerald Vaughan, Health Minister, told the Commons in a written reply.

### War Budget

Two-thirds of the first Budget presented by the new black-led Zimbabwe Rhodesia Government is earmarked for defence and security. A 12½ per cent "war levy" introduced last year was abolished but a 10 per cent tax surcharge was introduced for all individuals and corporations.

### Home sales

Housing associations are to be given the right to sell homes to tenants. Environment Secretary hinted that later legislation might force reluctant associations to sell. Page 9

### Ugandan toll

Tanzania said that 404 of its troops died in the successful action to topple Ugandan dictator Idi Amin but most were victims of road crashes.

### Court escape

Frenchman accused of armed robbery took a judge hostage at gunpoint in a Brussels courtroom and made his escape on a motorcycle. The man, Francois Besse, had escaped from several French prisons.

### Briefly . . .

Fairground joy ride collapsed at Morecambe, Lancs., slightly injuring seven children.

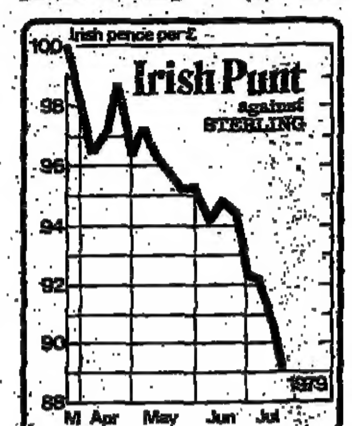
Queen's Veteran Challenge Cup at Bisley was won for the first time by a women—Miss Ena Goodacre, of Wadhurst, Sussex.

### BUSINESS

## £ rises sharply; Gold at new high

● STERLING rose sharply against all currencies, closing at $2.3295, up 80 points. Its trade-weighted index rose 0.4 to 74.0, a four-year high. The dollar's trade-weighted index was unchanged at 83.9.

● IRISH PUNT fell to 89p against sterling as the Irish authorities stopped temporarily trying to hold it above 90p.




● GILTS continued to decline despite renewed sterling strength and a new long tap stock. Longs lost up to a point and shorts around ¼. The Government Securities index fell 0.42 to 73.23.

● EQUITIES eased further on worries of unsettled economic and industrial outlook, and the FT. 30-share index closed 2.98 down at 461.5.

● GOLD rose by $2¼ to a record $306½ in London.

● WALL STREET was up 0.08 at 839.59 near the close.

● GOVERNMENT'S economic policies are "totally misguided." TUC general secretary Len Murray said after a meeting between union leaders and Ministers. Back Page

● BRITISH AIRWAYS expects to cut some flights from this winter because of a Department of Trade call to reduce fuel consumption by 5 per cent. Back Page. The airline hopes to operate London-Peking flights from April following a UK-Chinese deal.

● U.S. CONSUMER prices rose again last month by a full 1 per cent, bringing the annual rate for the first half of 1979 to 13.2 per cent. Page 4

● LIFE and pension funds receipts totalled £2.19bn in the first quarter this year, up 10¼ per cent on a year ago, and about half of this was invested in gilt-edged stocks. Page 7

● LEGAL HITCH has prevented the Location of Offices Bureau from pursuing it new role of attracting international companies to set up offices in the UK. Page 12

● CHINA will supply 100,000 tonnes of coal to the South of Scotland Electricity Board from this autumn to help meet shortages from Scottish pits. Page 8

● WORLD STEEL sales increased by 4.5 per cent to 33.5m tons in the first half of 1979, with the industrialised nations' consumption rising by 4 per cent, says an OECD report. Page 3

● NICARAGUA'S new Government has nationalised private banks and curbed the activities of foreign banks. Page 4

### COMPANIES

● BARCLAYS BANK reports pre-tax profits up by 61 per cent to £244m in the first half of 1979. Page 26 and Lex

● INCHCAPE AND CO., the international trading group, reports a fall in profits from £62.3m to £41.1m for the year to March 31. Page 26 and Lex

● DAVY CORPORATION, the engineering and construction group, improved pre-tax profits from £25.4m to £26.1m for the year to March 31. Page 26 and Lex

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Batleys of Yorkshire | 108 | + 8 |
| Bestobell | 212 | + 8 |
| Cawoods | 217 | + 5 |
| Gordon and Gotch | 73 | + 3 |
| Hensher A | 60 | + 8 |
| Inchcape | 278 | + 18 |
| Ingram (H.) | 44 | + 4 |
| Keyser Ullmann | 62 | + 5 |
| Lawrie Plantation | 410 | + 10 |
| Marshall's Universal | 130 | + 8 |
| Reardon Smith A | 78 | + 6 |
| Sandeman | 90 | + 6 |
| Siebens (UK) | 242 | + 18 |
| United Carriers | 123 | + 5 |
| Ashton Mining | 62 | + 4 |
| Conzinc Riotinto | 176 | + 6 |
| Northern Mining | 56 | + 4 |

FALLS

| | | |
|---|---|---|
| Treas. 14¾pc 94 | £111⅞xd | − 1 |
| Excheq. 12¼pc 99 A (£40 pd.) | £43⅞ | − 1 |
| Barclays Bank | 433 | − 17 |
| Burt Boulton | 175 | − 10 |
| Land Securities | 290 | − 5 |
| Lloyds Bank | 298 | − 10 |
| Man. Agency Music | 143 | − 6 |
| Newman Inds. | 73 | − 12 |
| Staveley | 250 | − 6 |
| Aust. Cons. Mines | 10 | − 4 |

# BNOC North Sea role to be cut, some assets sold

BY RAY DAFTER, ENERGY EDITOR

**Activities by the British National Oil Corporation are to be cut and reshaped. Private oil companies are to be encouraged to increase exploration and development in UK waters.**

The proposed changes in the Corporation's status form part of the Government's emerging industrial policy. The corporation is to be given a "much more limited role," Mr. David Howell, Energy Secretary, told the Commons yesterday.

*Some of its North Sea assets* are to be sold and its exploration commitments reduced. It will no longer have preferential treatment when licences are awarded, and it will cease to have a statutory role as Government adviser.

*It will give up its seat on all* the North Sea operating committees other than those in which it has an equity interest.

Moreover, the Government is to consider means of injecting private capital into the Corporation's offshore activities. Mr. Howell said that it was the Government's belief that the offshore assets should be more widely owned.

On the other hand, the corporation's large and growing oil trading interests are to remain firmly in State hands. It will continue to handle all the crude oil provided in lieu of royalty payments, sold under participation agreements or gained through its development activities.

BNOC has emerged as one of the world's leading oil traders. Its sales are running at £300m a month. Last month it was instrumental in the pricing or disposal of 1m barrels a day, the equivalent of about half the oil consumed in the UK.

Lord Kearton, corporation chairman, said that the plans ensured that the corporation would have a continuing and important role to play.

However, Dr. David Owen, Opposition energy spokesman, attacked the "miserable statement" of Conservative policy. Oil was a "vital, national and strategic resource." Far from reassuring the industry and causing more stability, the statement on disposing of assets and introducing private capital posed far more questions than it answered.

One unresolved question is how the State oil trading concern will operate beside a partly State-owned exploration and development group. There was speculation that the Corporation might eventually be split into two, although Lord Kearton said that that possibility had not emerged in his discussions with Government officials.

Mr. Howell indicated that the Government would prefer to see British investment in the Corporation's offshore interests.

Exploration, currently at a low ebb, should be helped by the ratification yesterday of the first batch of sixth-round drilling licences. Ten groups of companies, including BNOC and British Gas Corporation, were awarded a total of 14 blocks in the northern North Sea, north of the Shetland Islands, in the southern part of the North Sea, and in the South-western Approaches.

The Government has also promised the industry a seventh round of licence allocations, probably in time for drilling to begin in 1981.

Parliament, Page 10
Restructuring BNOC, Page 24

# German payments balance slides towards deficit

BY JONATHAN CARR IN BONN

WEST GERMANY'S traditional surpluses on trade and current account plunged in the first half of this year, pulled down in particular by unusually poor results for June.

Figures published yesterday by the Federal Statistical Office in Wiesbaden appear to provide early support for the forecast of an economic institute this week that West Germany is heading for a remarkable current account deficit by next year at the latest.

The January-June trade surplus this year totalled DM 14.9bn compared with DM 19.4bn in the same period of 1978. This is the lowest first half surplus since 1973 and is a major contributory factor to the cut in the current account figure, showing the balance when deficits on services and transfer payments have been taken into consideration.

The January-June current account surplus totalled only DM 900m against DM 8.1bn in the first half of last year. This is the lowest first half figure since 1972.

Results for June alone show a trade surplus of DM 1.7bn, compared with DM 2bn in the previous month and DM 4bn in June last year. The June current account deficit of DM 2.8bn compares with a (revised) deficit of DM 300m in May and a surplus of DM 2bn in June, 1978.

The summer months are traditionally a time when the current account shows weakness, due to the huge sums spent by Germans holidaying abroad. But the deficit this June is the biggest for any single month at least in this decade. The exact cause will be clear only when a more detailed break-down of the figures becomes available.

In any case, it is clear that the terms of trade are turning against West Germany with import prices now rising much more strongly than export prices—in marked contrast to the situation in 1978.

So far this year, the D-mark has risen by little more than 1 per cent against the dollar, and by less than 1 per cent against the weighted average of the currencies of West Germany's 23 main trading partners.

This rate of appreciation, which is slower than in past years, should help to keep West German exports price-competitive in the medium-term.

But it also means that Germany is unable to offset the cost of imported oil and raw materials, priced in dollars to the extent it could when the D-mark was moving quickly upwards. The present outlook is for reduced trade surpluses this year and next, with the current account moving into the red.

German oil imports, Page 3

# FT correspondent in Moscow

MR. DAVID SATTER, the Financial Times full-time correspondent in Moscow since June 1976, has recently had his accreditation renewed for a mere six weeks instead of six months as was the previous practice.

His accreditation, without which it is impossible to work as a journalist in the Soviet Union, now expires on August 19. He has also been the victim of what can only be described as harassment.

This situation is causing the FT considerable concern. Mr. A. V. Hare, chairman of the FT, has made a formal protest to the Soviet authorities, both personally at the Soviet Embassy in London and by letter to the authorities in Moscow.

The first indication of Soviet displeasure was the publication of a personal attack on Mr. Satter spread across five columns of the official Ukraine Communist Party daily, the Ukraine Pravda, on June 17. In it Mr. Satter was accused of being rude to Soviet citizens during the course of a private visit he made to a small Ukrainian town in the company of his mother and sister.

Subsequently the FT office was broken into during Mr. Satter's absence covering the U.S.-Soviet summit in Vienna, even though the Press compound is guarded round the clock by police.

Shortly after this, Mr. Satter, who is a U.S. citizen, was informed that his accreditation would only be renewed for six weeks. Most full-time correspondents in Moscow are accredited on an annual basis. The Financial Times has been applying for annual accreditation for over 2½ years. To date, the Soviet authorities have not replied to this request. The Financial Times has repeated its request that Mr. Satter be given regular, annual accreditation.

Last week the Moscow FT office car was entered and Mr. Satter's driving documents stolen. He has been warned not to drive without them but has faced bureaucratic obstacles in getting them replaced. Yesterday the licence plates were removed by the police.

The Soviet authorities, when asked by the FT to explain the reasons for harassing Mr. Satter, alleged that he was unwilling to conform with the regulations, customs and traditions of correspondents working in Moscow, and was personally hostile to the Soviet Union.

Soviet officials in Moscow have since indicated that their complaints against Mr. Satter contain three elements: that Mr. Satter allegedly attacked a policeman while he was covering a dissident trial; that he was rude to Soviet citizens in the Ukraine and that he has committed various traffic offences.

The Financial Times has made clear its complete confidence in Mr. Satter.

The FT understands that both the Foreign Office and the U.S. State Department are now making representations to the Soviet authorities in Moscow about Mr. Satter's situation.

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*For latest Share Index phone 01-246 8026*

# Electric tariffs to go up by 8%

BY ROY HODSON

AN 8 PER CENT increase in domestic electricity tariffs in England and Wales from September was announced yesterday by Sir Francis Tombs, chairman of the Electricity Council. The last increase was 8.6 per cent in June.

*The rises will virtually all be* needed by the electricity industry to offset higher coal and oil prices.

Monthly-billed industrial tariffs, which also carry a fuel adjustment surcharge, will be increased at the same time by 2 per cent.

The council announced a profit for 1978-79 after paying interest charges of £251.4m compared with £132.8m the previous year. This was arrived at after deducting a supplementary depreciation provision of £169m.

The Electricity Council has prepared this year, for the first time, a supplementary statement prepared upon current cost accounting principles. The industry lost £166m after interest on that basis.

Sir Francis attributed the industry's improved financial performance to "a welcome increase in sales of electricity."

## Demand rise

Total demand rose by 4.5 per cent in the last 12 months and industrial sales by 3.7 per cent. He forecast that the turbulent state of the fuel market would continue to make people move to electricity.

The electricity industry has had two coal price rises in five months, totalling 22 per cent. Crude oil for power stations has risen by 30 per cent since April.

Other extra costs include 20 per cent on the fuel oil tax in the last Budget: a reported loss of £20m from the Price Commission's delay of proposed increases in domestic tariffs, and the Government's reduction of the industry's cash limit by £90m.

The industry has reduced its oil burn to a minimum consistent with maintaining its few oil-burning power stations on the grid system.

Up to 1.5m tonnes of additional coal imports have been arranged by the industry for this year, to help meet the higher power-station coal burn, from Australia and the U.S. Cost will be slightly below delivered prices for National Coal Board coal.

Editorial Comment, Page 24

MOVE TO HALT STEEL LOSS

# Control of BSC funds tightened

BY ROY HODSON

THE GOVERNMENT will fund the British Steel Corporation on a month-by-month basis from now onwards in an attempt to bring the corporation (£309m losses in 1978-79) into profit by next year.

The Department of Industry will monitor progress against the corporation's forecasts of capital expenditure to ensure that funds are not being used to finance accumulating losses.

This close governmental control of the corporation is without precedent for nationalised industries in Britain. It was explained by Sir Keith Joseph, the Industry Secretary, to the board of British Steel when he met them for lunch yesterday.

Earlier a special meeting of the board accepted the Government target of operating at a profit after depreciation and interest in the financial year 1980-81, and affirmed a crash programme for further steelworks closures.

British Steel will be able to save £108m in the current financial year if the unions accept the programme.

Immediate savings by closures in all the corporation's divisions except the Tubes Division are proposed.

The corporation believes that a combination of works closures and de-manning can result in the following cost reductions in the divisions between now and March, 1980: Sheffield division £12m; Teesside £11m; Welsh £10m; Scunthorpe £5m; and Scottish £4m.

The proposed savings programme does not take into account the corporation's wish to end iron- and steel-making at Corby, because that could not be brought about in the current year.

It does include the expected saving by ending it at Shotton, North Wales, by early next year.

Prior commitments toward economies in British Steel's production will account for £38m of the expected £108m saving. The closures and de-manning listed above would account for £62m. The corporation hopes to save £8m more by improved production performance.

The existing top management structure is to be retained, the board decided yesterday, but a new decentralisation policy is to be introduced throughout the corporation's line management.

Responsibility for operations and for making profits will be pushed as far as possible down toward works managements, with new flexibility introduced into the divisional structure.

Sir Charles Villiers, the chairman, put forward a scheme for restructuring the corporation's top management and devolving responsibility to local management to a much greater degree at a special board meeting earlier this month.

The board rejected his scheme. But it now looks as though part of Sir Charles' package has been accepted. This will be an important factor in restoring the appearance of a unified British Steel board.

Sir Keith told the board yesterday that under his new monitoring scheme he did not expect a situation to emerge in which the corporation might suddenly be without enough cash to meet immediate commitments.

The corporaion issued its own interpretation last night of Sir Keith's intentions:

"If it began to appear that the corporation was drifting off course for any reason he (Sir Keith) would expect prompt remedial action to be taken so that the cash limit for the year as a whole was not exceeded and funds intended to cover capital expenditure were not diverted to pay for losses.

"Clearly the greater the deviation and the longer effective correction was delayed, the more painful this would have to be."

## 200 to lose jobs at Rolls-Royce

TWO HUNDRED employees at the Rolls-Royce diesel division at Shrewsbury are to lose their jobs, it was announced yesterday.

One hundred and fifty office staff will be made redundant and 50 shop floor workers will be offered early retirement under the Government's job relief scheme.

The loss of jobs is due to a decline in orders particularly from overseas, said Mr. Peter Vinson, managing director of the division.

Ironically, the announcement comes a week after the factory received an order to build engines for Britain's new generation of front line battle tanks. But full production will not start for several years.

$ in New York

| — | July 25 | Previous |
|---|---|---|
| Spot | $2.3215-3235 | $2.3270-3280 |
| 1 month | 0.80-0.76 dis | 0.56-0.62 dis |
| 3 months | 1.81-1.75 dis | 1.46-1.40 dis |
| 12 months | 4.38-4.19 dis | 3.94-3.84 dis |

# EUROPEAN NEWS

MILITANT RIGHT-WING PARTY IMPLICATED IN TURKISH VIOLENCE

## Evidence mounts against the NAP

BY METIN MUNIR IN ANKARA

THE MILITANT Right-wing Nationalist Action Party (NAP) is becoming increasingly implicated in Turkey's political terrorism. Several hundred of its supporters are already in jail facing charges which range from hit-and-run murders to involvement in the Kahramanmaras massacre when 111 people died.

Now a wave of recent arrests has involved some of the more senior figures in organisations associated with the party.

Seven of the leaders of MISK, the trade union confederation associated with the NAP, are now in prison, charged with running a bomb factory and facing allegations of financing terrorism. The seven include the president of MISK and three others detained last week, and the organisation's general secretary and two others who gave themselves up at the weekend.

Ten days ago, two people working at the MISK building next door to the NAP's headquarters, died when a bomb exploded. Though MISK claims it was attacked by the police, Mr. Hasan Fehmi Gunes, the Minister of the Interior, has publicly accused MISK of manufacturing explosives.

This week the leader of the Istanbul youth branch of the party was detained and charged with murdering the editor of the left-wing newspaper, Politika. The editor was found in an abandoned car, tortured to death, last December.

There has as yet been no official confirmation of reporters' claims that the man who has confessed to murdering Mr. Abdi Ipekci, the respected editor of the liberal newspaper, Milliyet, was connected with the NAP. However, initial indications are that he supported the Right, and the Minister of the Interior has rejected the suspect's claims that he was acting independently.

But it is the involvement of supporters of the NAP in the Kahramanmaras massacre which is one of the key findings of the six military prosecutors who investigated the sectarian fighting. One of the 330 defendants facing the death penalty is the local district chief of the Nationalist Action Party.

The Right is accused in the indictment of provoking the incidents by placing a bomb and seeking to put the blame for this on the Left.

The NAP is Turkey's fourth largest party. Headed by the 68-year-old former Colonel Alparslan Turkes, its followers' involvement in para-military activities date back to the late 1960s when they set up training camps in the country.

Mr. Suleyman Demirel, then Prime Minister and now leader of the opposition, turned a blind eye, considering the "Grey Wolves" and "Idealists" — as Turkes's followers term themselves—as useful against growing Left-wing movements.

The ruins of a coffee shop bombed in Istanbul last month

It was after Mr. Demirel made Mr. Turkes Deputy Prime Minister in his National Front coalition in 1976 that the NAP began to infiltrate the state machinery and use its power to extend its electoral base: in the 1977 elections it increased its assembly seats from three to 16.

Mr. Turkes's "commandos" have been increasingly accused of involvement in the political violence which has led to more than 1,400 people losing their lives during the past 18 months.

## Bank bid to reopen credit lines

BY METIN MUNIR IN ANKARA

THE TURKISH central bank is preparing a campaign to reactivate its letter of credit confirmation lines with foreign banks. These have been suspended since early 1977 when the country's foreign exchange famine started.

The campaign will begin soon after Turkey completes the rescheduling of over $2bn worth of convertible Turkish lira deposits — bank-to-bank deposits by foreign banks in Turkey. At present, it is hoping to sign agreement on this with the banks involved on August 22.

A senior official at the central bank said here yesterday that already a few of Turkey's largest banks were working with central bank without demanding a 100 per cent cash collateral.

Starting from the latter half of 1976, the central bank built large overdrafts with its correspondents abroad. The bank did not have foreign currency reserves to replenish its international accounts but continued to draw.

After several months of this, all foreign banks suspended letter of credit confirmation lines to the central bank. At the same time foreign governments suspended export credit guarantees for Turkey.

Since then, the central bank has been obliged to work with cash collateral, an expensive and crippling method. The country has in excess of $600m tied up in foreign banks in this manner.

## Holland faces a rich man's problems

BY GILES MERRITT IN BRUSSELS

THE DUTCH steel industry is the polar opposite of the other main EEC steelmaking sectors. It is also possibly the shape of things to come.

To begin with, the industry in the Netherlands is profitable. The Ijmuiden coastal steelworks just north west of Amsterdam accounts for over 90 per cent of Dutch steel and is now into its second year of profit making after the trough of the mid-1970s recession.

It is also in the enviable position where it would ideally like to increase its capacity. Unlike its competitors in the European community, Ijmuiden - based Hoogovens has had reluctantly to shelve expansion plans and is instead vexed with the problem of making-up a shortfall in its skilled labour force. To do this, it is recruiting redundant British Steel Corporation workers.

Holland's steel giant Hoogovens is one half of a transnational merger of steelmakers, and the advantages that it has been able to derive from its partnership since 1972 with West Germany's Dortmund-based Hoesch now seems to many other European steel producers a blueprint for future health.

The Hoesch-Hoogovens marriage, which along with steel processing and diversified secondary interests is grouped under the name of the ESTEL holding company, was originally something of a shotgun affair.

But in the wake of the worst crisis to hit the European steel companies in almost 50 years, it has become a union that adds substantial value to raw steel, cuts costs and points towards the rationalisation that other EEC steel producers are now searching for.

ESTEL's difficulties are, by EEC steel industry standards, a rich man's problems. The Dutch-German group is concerned that the disciplines of the steel crisis plan drawn up by Viscount Etienne Davignon, the EEC Industry Commissioner, have prevented expansion of the Hoogovens' Ijmuiden plant from its present 8m tonnes a year capacity of crude steel to 11m tonnes.

More fundamentally ESTEL tends to see the development of the Davignon plan from the standpoint of a company that is being unfairly handicapped.

The Dutch, who have painstakingly modernised the Ijmuiden plant on a sustained year-by-year basis, are well aware of the political pressures being brought to bear within the EEC by member states such as France, where the social and financial costs of restructuring are currently the most pronounced.

Suggestions that ESTEL should contribute toward the EEC restructuring programme by cutting back on its 23,000 strong payroll and possibly on its 15.5m tonnes annual capacity in the interests of sharing out the burden of overcapacity have met with icy antagonism.

ESTEL's success story in the late 1970s is in part due to good husbandry. It is also due to the establishment during the halcyon days of 1972 of a shareholding pact that cemented the co-operation that already existed between the highly economical Ijmuiden coastal plant of Hoogovens and the waterways-linked Hoesch operation in Dortmund.

Competitively-priced crude steel from Hoogovens — about half the present total output there of 5.3m tonnes — is shipped to Hoesch for transformation into sophisticated long products. The icing on the cake is that about 80 per cent of Hoesch's industrial clientele is inside a 250-kilometre radius of the Dortmund plant.

The result has been that both steelmaking companies in the ESTEL partnership have bounded back into the black. Hoogovens was first, disclosing after the second quarter of 1978 that it was once more operating profitably. Hoesch, with less immediate economies, came later with the news of a turnaround in the same period this year.

Thanks to their recovery, ESTEL's continuing losses in processing activities have been largely covered. In the first quarter of this year the group announced from its Nijmegen headquarters in Holland an operating profit of Fl 9.7m, compared with consolidated losses of Fl 45.9m in the final quarter of 1978.

The West German steelworkers' strike, it said, had depressed that period's results and overall the group expects that its strong steel-producing bias will ensure that it breaks even this year.

Whether the Hoesch-Hoogovens alliance turns out to be the forerunner of a wave of cross-border rationalisations in the 1980s remains to be seen. The Dutch-German combine has the particular advantage of linking two geographically close and complementary steelmakers, yet it is also a working example of what Luxembourg's Arbed has called "transnational synergism."

On a more conservative scale, Arbed is aiming to emulate the ESTEL phenomenon by rationalising and dovetailing production across two frontiers: in the West German Saar region, Luxembourg itself and through technical co-operation in Belgium's Charleroi area.

Interestingly, the ESTEL experience has thrown up strains in both the Dutch and German workforces, rather than rivalry or discontent at a management level. Original resentment inside the larger Hoesch group at a 50-50 merger with the smaller but richer Hoogovens has given way to trade union gripes, such as Dutch concern last year that Hoesch continuing deficit wiped out bonuses for profit-making Ijmuiden workers. The complexities of matching two different systems of reward, particularly the questions such as holiday pay, remain a source of friction.


It seems a small price to pay in a steelmaking group that anticipates being close to full capacity working next year and whose major headache is finding up to 600 skilled workers to bring the Ijmuiden payroll up to strength.

When, in early July, EEC steel producers baulked at a Brussels Commission plan for introducing a "fifth shift" to save jobs in the industry, they did so because of the increased cost. Hoogoven's objection was that it would be impossible to find the manpower.

## IG Metall leaders reject call for supplementary rise

BY ROGER BOYES IN BONN

LEADERS of the powerful West German metal workers union, IG Metall have rejected a call from the Baden Wuertemberg branch for a supplementary wage rise to compensate for the effects of the latest oil price increases.

The decision will come as a relief to both the employers and the Government who feared that national backing for the Baden-Wuerttemberg claim would unleash a scramble for higher wages from the major unions. But the move is also likely to create substantial friction between the IG Metall leadership and the grassroots membership.

The IG Metall board decided in a meeting on Wednesday night that supplementary wage increases were not "a suitable way" of meeting the workers' demands since it would be impossible to impose a uniform increase. Rather, the effects of the oil price increase should play an important part in the next wage round at the beginning of next year.

The central leadership of the German trade unions has generally been opposed to supplementary increases throughout the year, partly because they fear they would erode the basis of their annual negotiations with employers.

Herr Karl Hauenschild, the head of IG Chemie, has also stated that the increased oil costs, coupled with extra wage rises, would push up prices and lead to an inflationary spiral. The Government shares this view.

But IG Metall's decision looks certain to open a rift between the leadership and the regional membership. The initial claim by Baden-Wuerttemberg, the most powerful of the state branches, was quite clearly a challenge to the central leadership—it came shortly after the union's chief, Herr Eugen Loderer, had declared that IG Metall would not seek a supplement, even if consumer prices rose by 4 or 5 per cent.

Whether the Baden-Wuerttemberg branch, headed by the ambitious Herr Frank Steinkuebler, will accept the board's decision is still an open question. The fear is that the move could open the way for wildcat strikes—illegal in West Germany—to secure local concessions from employers.

There is little doubt that the Baden-Wuerttemberg branch has the muscle to carry this out, as demonstrated by the wave of wildcat strikes which swept West Germany in 1969, and last year's (albeit official) steel strike.

Distrust between the grassroots and the central leadership has if anything been intensified by the meeting last week between the employers' association and the national trades union federation, the first such "summit" talks for over three years. This air of reconciliation, combined with the fact that the employers and the IG Metall leadership are in clear agreement over supplementary increases, has already caused disquiet at the local level.

Herr Hans Janssen, a member of the IG-Metall board, admitted yesterday that the rejection of the claim would not "meet with unanimous applause from the union membership." After the board meeting IG Metall appeared to want to forestall some of the expected criticism from its members by calling on the Government to act as soon as possible to brake the oil price rises.

The Government stated earlier this week, however, that it is not contemplating the imposition of price controls on the oil companies but is planning to introduce special measures to help the poorer paid to cope with the increased price of light heating oil and petrol.

The state of North Rhine Westphalia this week proposed an oil price grant for those receiving social benefits, or those who are paid under DM 750 (£180) a month. The measure, even if imitated by other states, is unlikely to benefit the IG Metall workers who are among the best paid in the country.

## Swiss population increase

BY JOHN WICKS IN ZURICH

THE RESIDENT population of Switzerland rose by 0.1 per cent last year to reach a level of 6,298,000. This marks a return to the figure recorded for 1976 but is still noticeably below the peak of 6,376,000 reached in 1974.

The increase last year was due to a birth rate which more than offset the relatively small net migration surplus. However, Government officials say that, in 1979, deaths could exceed births in Switzerland.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

# Oil imports leap as Bonn rebuilds its reserves

BY GUY HAWTIN IN FRANKFURT

WEST GERMANY is continuing the rapid build-up of its oil reserves. The official stockpile by the end of June was sufficient to cover 110 days' consumption, compared with 106 days stockpiled at the end of April and the 99 days' reserve of mid-last year.

These figures from the Federal Economics Ministry are backed by a report from Esso's West German subsidiary. It shows the Federal Republic's crude oil imports during the first half of the year up 18 per cent on the figures for the comparable period of 1978.

Imports during the first six months amounted to 52.7m tonnes. And, although the first half growth rate has slowed somewhat from the 20 per cent recorded in the first four months of 1979, there are no real signs of a let-up in the stockpiling policy.

Domestic oil consumption—including oil product exports—during the same period has risen by only 4 per cent. Petrol demand from the country's motorists went up by only 3 per cent, although diesel fuel consumption increased 14 per cent—reflecting in part the growing trend towards diesel-powered cars.

Consumpion of light heating oil, however, fell back by 4 per cent, although demand for heavy heating oil—in quantity terms less than half that of light heating oil—rose by 10 per cent.

Military consumption remained unchanged from the 1978 level, while demand for ships' bunkering oil increased 7 per cent. Consumption of oil at the country's oil refineries went up 20 per cent and exports of oil products by 21 per cent, according to the Esso report.

Total oil demand during the first half year amounted to 75.5m tonnes—52.7m tonnes of which took the form of imported crude. The rest was accounted for by domestic oil production, imports of already refined oil products and withdrawals for the oil refiners' freely-available stocks.

However, while the Esso report shows a 10 per cent decline in the freely available stocks compared with first half of 1978—at the end of June they stood at 4.8m tonnes—this does not mean that overall stocks in the hands of industry have fallen.

Evidence strongly suggests that major industrial consumers of oil products, such as the chemicals industry, have also been stockpiling oil and refined products. The quantities involved are hard to estimate, but observers here say that the country's total oil reserves are very much higher than the official stockpile indicates.

# Schmidt standing at peak

BY JONATHAN CARR IN BONN

THE POPULARITY of Chancellor Helmut Schmidt has reached an unparalleled high point for a head of government in West Germany — and without him the Social Democrat Party would not have enough support to win an election.

These are among the conclusions of an opinion poll published yesterday in the magazine Capital, but taken just before Herr Franz Josef Strauss was formally elected as the man the Opposition will present as Chancellor if it wins the genera lelection next year.

According to the poll, 60 per cent of West Germans favour Herr Schmidt as Chancellor, compared with 53.5 pe cent last year, a figure underlying the sympathy accorded Herr Schmidt by many who, basicolly, favour the Opposition parties.

The SPD would lose between 5 and 8 per cent of support if it went into an election without Herr Schmidt as Chancellor, the poll showed.

Only 7.7 per cent of thise questioned activiely wished to have Herr Strauss as Chancellor. However, the proportion of those who refused to consider Herr Strauss for the job in any circumstance has dwindled. In 1977 the figure was about 50 per cent, last year it was 45 per cent, and in April-May this year 39.7 per cent.

However unsatisfactory the polls may still appear to be for Herr Strauss, the SPD is treating his challenge seriously. Herr Willy Brandt, SPD chairman, described Herr Strauss this week as a man who, despite his faults, was one of the truly great political talents the country possessed.

# Romanian clamp-down on petrol

BY PAUL LENDVAI IN VIENNA

FOR THE second time within five weeks, the Romanian Government has announced a steep price increase for petrol, this time about 20 per cent. Last month the price rose by 40 per cent. A series of stringent restrictions, affecting foreign and domestic motorists, were also announced.

A voucher system has been introduced for foreign motorists and no-one is allowed to take more than ten litres out of the country.

The number of official cars, taxis and small trucks will be cut by 50 per cent and cars with a heavy petrol consumption will be phased out. Use of official cars by civil servants will be strictly controlled.

Private cars will be banned from the roads, using an "odd and even number" basis, on alternate weekends.

President Nicolai Ceausescu said recently that Romania seeks to become self-sufficient in energy by 1990. East European observers feel this target is over-ambitious.

Romania is the eastern bloc country worst hit by the turmoil in Iran.

In recent weeks, several other eastern bloc countries have increased petrol and oil prices. Czechoslovakia raised theirs by 50 per cent last weekend. Hungary by 45 per cent so far this year and in May Bulgaria doubled the price. Yugoslavia has also increased prices recently and it is expected that East Germany will soon follow.

# Bonds plan for Dutch tax flight money

By Charles Batchelor in Amsterdam

THE NETHERLANDS should issue a form of bearer premium bond which would be attractive to the holders of "black money"—funds which have not been declared for tax purposes. This proposal has been made by Mr. T. H. Joekes, an MP and the financial specialist of the Liberal Party, which is the smaller of the two Government coalition partners.

Through the sale of these unregistered certificates by banks and Post Offices, the Government would gain access to the considerable funds in the black money circuit, he said in a written question to the State Secretary at the Finance Ministry.

A similar scheme has already been put into practice in Sweden and it is estimated to provide around Fl 500m (£108m) for the Treasury, he added.

Interest would be paid out on the numbered certificates by means of a quarterly or half-yearly lottery on the lines of the British premium bond scheme. The Government, which has a large financing deficit, would thus be able to make use of funds which would otherwise serve no useful purpose for the community in general.

Mr. Joekes said his proposal was not meant to conflict with the efforts of the tax authorities to reduce the size of the black money circuit. Tighter tax controls would be needed alongside any scheme of this nature.

Many MPs already opposed to existing bearer savings certificates issued by the banks which make tax avoidance on the interest an easy matter. They would not welcome the state encouraging this form of "tax-free" saving.

Statistics on the size of the black money circuit in the Netherlands are hard to come by. But one cautious estimate puts it at Fl 20bn, or 10 per cent of gross domestic product.

The Finance Ministry is considering the recommendations of a confidential report on the tax evasion problem which concluded that two out of three people in a position to evade tax actually did so.

# Last-minute talks on Italian PM

BY RUPERT CORNWELL IN ROME

THE NOMINATION of a new Prime Minister-designate, the third since June's inconclusive general election, was awaited here last night after a further round of rapid consultations by President Sandro Pertini.

Yesterday the President held talks with all political parties, to sound out their views on the new choice—perhaps the most delicate such decision made by an Italian President since the last war.

Since the election, Sig. Giulio Andreotti, the caretaker Christian Democrat Prime Minister, and Sig. Bettino Craxi, the Socialist leader, have both tried and failed. The cause was the refusal of either party to support a Prime Minister drawn from the other.

But some form of understanding between them, including at least an abstention by the Socialists, is essential if Italy is to have a Government that can survive a vote of confidence

It is already taken for granted that any new administration will be on a purely holding basis at least until the Christian Democrat congress later this year—and possibly to tide matters over until the regional elections due next spring.

In either case, the new Government would occupy office long enough, it is hoped, to allow the bitterness and rancour between Socialists and Christian Democrats to subsidise enough for a more durable arrangement to be agreed.

In the run-up to the announcement from the Quirinale, the presidential palace here, there was no indication of the identity of the nominee. Speculation has been rife, complicated by the fact that the Christian Democrats, in particular, are divided hopelessly on the most desirable course of action.

It seemed likely, however, that the candidate would have to be in some way above the political battle. Names mentioned included Sig. Amintore Fanfani, the Senate president, Sig. Cesare Merzagora, a former holder of the job, and Sig. Filippo Maria Pandolfi, the Treasury Minister who enjoys a distinctly "technocratic" image.

One of the few political figures being canvassed was Sig. Arnaldo Forlani, the Foreign Minister, who defied his party by voting against the Christian Democrat decision to veto Sig. Craxi.

# French inflation slows but upward trend still feared

BY DAVID WHITE IN PARIS

FRENCH CONSUMER price inflation slowed slightly in June, with the index rising by 0.8 per cent compared with 1.1 per cent in May and 1 per cent in April.

The increase brings the inflation figure for the first six months of the year to 5.5 per cent. Over the past 12 months consumer prices have risen 10.2 per cent.

Last month's slowdown is expected to mark only a brief respite in the stronger upward trend, which has made the Government jettison its one-time hopes of keeping inflation down to 8 per cent this year.

Recent rises in the prices of petrol products and increases in rents and a number of service charges will be reflected in the July figures.

M. Rene Monory, Economy Minister, said that the rise in inflation against that for the first half of last year—0.5 percentage points — compared favourably with other countries such as West Germany, the UK and the U.S.

French banks' base lending rates have meanwhile gone up for the second time this month, reflecting a general upward pressure on interest rates.

Societe Generale, followed by Credit Lyonnais and Credit du Nord, raised their rates from 9.45 per cent to 9.75 per cent. The level first went up in June when base rates moved from 8.8 per cent to 9.15 per cent, after almost two years of successive decreases.

# Health service rescue plan draws mixed response

BY OUR PARIS STAFF

THE FRENCH Government's rescue plan for its deficit-ridden social security system has provoked strong criticism from unions, opposition parties and medical organisations. But it was warmly welcomed by the Patronat, the French employers' federation, since it does not entail extra costs for industry.

The federation said that by placing the burden on a 1 per cent increase in employees' contributions over the next 18 months, the Government had "avoided penalising employment and companies competitiveness."

Increased costs would have eaten into the advantages currently being given to companies to encourage them to take on young workers.

The Government's plan, aimed mainly at cutting the growing costs of the French health service, came under fierce attack from the Communist-led trade union body, the CGT, whose leader, M. Georges Seguy, said it was "a scandal." Other unions criticised the increase in contributions in more moderate terms.

The white-collar CGC union objected to "the diminution of purchasing power" resulting from the extra charges.

Among criticisms from opposition parties, Socialist headquarters said the new measures, which include cost-cutting in state hospitals, "retard once more the structural reform which the French health system requires."

# Western steel output improves

BY TERRY DODSWORTH IN PARIS

STEEL OUTPUT and consumption in the western industrialised world has continued to increase in the first half of this year, according to a report by the Paris-based Organisation for Economic Co-operation and Development.

The report indicates that the marked improvements which began to emerge last year are being steadily consolidated, although the performance in particular countries varies widely, within and outside the 24-nation OECD area. Demand is expected to tail off in the U.S., although it should go up in western Europe.

Steel sales this year are being fuelled mainly by the rapid growth in consumption in Canada, Japan and the developing world. This has led to a 4.5 per cent increase in world sales of 33.5m tons in the first six months of this year, while in the OECD area itself, consumption has gone up by 4.0 per cent.

By comparison, the OECD growth rate last year amounted to 4.3 per cent.

World steel production has gone up by 4.2 per cent (29.7m tons), compared with a 3.2 per cent average increase in the OECD area this year. This has been boosted particularly by an increase of more than 10 per cent in the output from developing countries.

The report adds that world crude steel production went up last year by 39.8m tons (or 5.9 per cent) to a record 771.8m tons. Capacity utilisation rose from 70 per cent in 1970 to 74 per cent in 1978, with a particularly marked increased in the U.S.

Prices also improved substantially, going up by 19 per cent during the year to last December. From the latter part of last year however, the price improvements have been slowing, with an increase of only 6 per cent in the seven months up to the end of last February.

# Brussels seeks to extend Cyprus accord

By Margaret Van Hattem in Brussels

THE EEC Commission will seek a mandate from the Council of Ministers to prolong for another three years the current phase of its association agreement with Cyprus, rather than proceeding to the next stage.

This is because the Commission considers it impractical, in view of the present political situation in Cyprus, to attempt to negotiate the second phase of the agreement which would provide the basis for a customs union between the two.

# China repeats warning of 'another lesson' for Hanoi

BY OUR FOREIGN STAFF

THE CHINESE Government yesterday warned that it would have to "teach Vietnam another lesson" if the Hanoi authorities did not halt border violations. At the same time, Vietnam accused China of massing troops on its border, occupying Vietnamese territory, and preparing for war.

The accusations come just five months after China's invasion of Vietnam. They also follow eight rounds of apparently unsuccessful talks between Peking and Hanoi on normalising relations.

Vice-Premier Geng Biao, the Chinese Communist Party's foreign affairs specialist, warned that China had been very patient with Hanoi, but emphasised that, if border violations continued, "we will have to teach them another lesson." He was speaking at a meeting with Austrian journalists.

Diplomats were sceptical yesterday about Vietnam's claim that China was massing troops along its border. The accusation nevertheless marks another stage in the deterioration of relations. It corresponds to a pattern of events which occurred about a year ago and preceded China's invasion of Vietnam in February.

The Vietnamese Government has for some months been claiming that China plans a second invasion. Diplomats in Washington and Tokyo confirm that the Chinese Government is considering such a possibility.

The Chinese might want to launch a second invasion because the first was seen by many as having failed to achieve several of its military and strategic objectives. The Chinese army is understood to have suffered heavy casualties at the hands of local militia.

The Chinese also failed to force the Vietnamese to draw front-line troops out of Kampuchea, where they were understood to be supporting troops loyal to the new regime of Heng Samrin. China has campaigned in vain for the return to power in Kampuchea of the regime led by Pol Pot.

China would pay a heavy economic price for a second invasion, however. Economic reconstruction plans—outlined in the recent Fifth National People's Congress—would be seriously jeopardised. Such an invasion would also invite the possibility of retaliation on China's northern border by the Soviet Union—Vietnam's main ally.

# Crisis costs Indian economy dearly

By K. K. Sharma in New Delhi

AS THE Indian political crisis approaches its third week, it has become clear that it is costing the country dearly in terms of damage to the economy and the virtual stoppage of work in ministries and Government departments.

The first casualty is the sixth five-year plan, which should have been approved in April last year, but the final draft of which has still to be approved. A session of the National Development Council, the nation's highest economic decision making body, of which all Chief Ministers of States are members, was to have been held this month to endorse the draft.

Because of the Cabinet crisis and the fact that a caretaker government is in office, the council's session has not been called. Even if the new government is formed in the next few days, it will initially be too preoccupied with political survival to pay attention to crucial economic issues and challenges.

As it is, the draft of the plan, which the Planning Commission has just completed, is in danger of becoming obsolete. India is again in the grip of severe inflation after relative price stability for three years.

The wholesale price index has risen by more than 10 per cent since the budget was presented in February, and India is thus again facing double-figure inflation. This could nullify parts of the plan which are based on the assumption of continuing price stability, with 1977-78 as the base. Some calculations are already out of date.

The day after the Desai Government resigned, a large rise in coal prices was announced, to reduce the subsidies to the public sector corporation, Coal India. This has affected all manufacturing costs and added to inflation.

India still has huge foreign exchange reserves (approaching $8bn) and food grain stocks of about 18m tonnes. But these are not being used as they would have been had the sixth plan been approved and acted upon.

# Sadat's men 'played role in assassination'

BY IHSAN HIJAZI IN BEIRUT

**MR. YASSIR ARAFAT, the chairman of the Palestine Liberation Organisation (PLO) was quoted as saying yesterday that Egyptian President Anwar Sadat's own bodyguards played a role in the murder of Mr. Zuhair Mohsen, the head of the PLO's military department and chief of the Syrian-sponsored commando group Saiqa.**

Mr. Mohsen, 43, who was shot in the head outside his villa in Cannes, died in hospital in Nice yesterday afternoon.

The Beirut newspaper As-Safir, which has good Palestinian connections, reported that Mr. Arafat believes that members of an Egyptian security team who accompanied President Sadat to the African summit conference in Monrovia last week tipped off Israeli intelligence agents about Mr. Mohsen's movements.

Mr. Mohsen and his wife arrived in Cannes from Monrovia last Friday. He had represented the PLO at the OAU meeting.

Another Beirut newspaper, the pro-Syrian Ash-Sharq, which often reflects Saiqa views, quoted diplomats as alleging that Egyptian and Israeli intelligence organisations collaborated in the assassination.

# Israel plans 'ring' round Nablus

BY DAVID LENNON IN TEL AVIV

A PROPOSAL to build a ring of 16 Jewish settlements around Nablus, the largest town on the occupied West Bank, has been put forward by Mr. Matityahu Drobles, co-chairman of the Settlement Department of the Jewish Agency.

Explaining his plan, Mr. Drobles said the West Bank Palestinians "will find it difficult to unite and create a continuous territorial entity if they are cut off by Jewish settlements."

The Settlement Department is responsible for building Jewish villages in the occupied territories, and Mr. Drobles is an ardent advocate of the policy.

Three settlements which would form part of the ring have already been established. A fourth, Eilon Moreh, which was the subject of bitter criticism in Israel and the West Bank, awaits a High Court ruling before work can proceed.

Mr. Drobles wants the work on the ring of settlements to be started within the coming year. He said that quick action was needed to ensure that the projected autonomy for the occupied territories does not grant the Palestinian residents "rights over the land."

He also said that work resumed yesterday on clearing the land for the Matityahu settlement (presumably named after Mr. Drobles). This follows a High Court rejection of an appeal by Arab farmers against the seizure of 125 acres of their land for the new Jewish settlement.

The road to the settlement and some ground clearing work had been completed before the landowners won a temporary injunction freezing the project.

# Murdoch in battle over Sydney TV station

BY OUR SYDNEY CORRESPONDENT

MR. RUPERT MURDOCH, whose News Ltd. Group has substantial newspaper and television interests in Britain, the U.S. and Australia, yesterday lashed out at allegations that he used his media outlets to promote chosen politicians, and was now operating as an effective "absentee landlord."

He was appearing before a packed hearing of the Australian Broadcasting Tribunal, which is inquiring into News Ltd.'s purchase earlier this year of a controlling interest in one of Sydney's highly profitable television stations, United Telecasters.

The two issues raised during the tribunal hearings are allegations of management interference in the editorial policy of News Ltd. media outlets and Mr. Murdoch's lengthy absence overseas.

Under the Australian Broadcasting and Television Act, a company headed by a non-resident is restricted to a 15 per cent share of a television station, and the tribunal has received a report from a government agency, the Foreign Investment Review Board, dealing with Mr. Murdoch's residence in New York.

News Ltd. consummated its purchase earlier this year after a series of private deals with former stockholders of United Telecasters, which own Channel 10, the city's most watched, on the stock market. It now owns about 48.2 per cent of the company's stock, costing about $8.4m.

Mr. Murdoch, 48, who gave his address as Cavan, a farm outside the small town of Yass in central New South Wales, claimed his life had been spent fighting newspaper monopolies, and said the connection between newspapers and television could be "wholly beneficial" to the television industry.

"I am the competitor establishing competition and if you, I submit, Mr. Chairman, are going to suggest that News Ltd. should not have a TV licence in this city you will see the press develop here (into a monopoly) the same way it has gone in nearly every other city in the world," he said.

Mr. Murdoch attacked the John Fairfax group, which owns a local television station and several newspapers in Sydney, for running what he claimed was a "gutter campaign" against him, including a story, written he said by a senior Fairfax executive, which painted him (Mr. Murdoch) as a "power-crazed tycoon."

## RHODESIA LOOMS LARGE IN ZAMBIA'S ECONOMIC PLIGHT

# Queen's visit a boost for morale

BY MICHAEL HOLMAN IN LUSAKA

THE BUSTLE of preparations for the Queen's arrival in Lusaka today on a nine-day state visit during the Commonwealth Conference provides a welcome distraction from Zambia's tale of economic hardship and political quandary.

For President Kenneth Kaunda and his Government the distraction has special significance. Officials hope the two events will show the world that despite the way in which the Rhodesian war spills over into Zambia, the country remains stable and welcoming.

And, equally important, visitors from the 42-member Commonwealth will discover at first hand the demands placed on a "front line state" harbouring not only guerrillas but also 50,000 refugees, and trying to manage an economy reliant on a commodity over the price of which Zambia has no control.

This copper-dependent state has endured four years of low prices of a mineral which accounts for more than 90 per cent of export earnings and in 1974 provided more than 50 per cent of government revenue. This source of revenue has now been reduced to nil. These difficulties compelled Zambia last March to negotiate a $390m two-year credit programme with the International Monetary Fund.

Earlier this year, it seemed that relief might be in sight. The copper price rose from £750 a tonne in December, to just over £1,000 in March, and there were hopes it would go even higher, perhaps topping the £1,400 peak of early 1974.

But today—partly because of the effect of oil price increases on Western economies—copper is just under £800 a tonne, and most observers are pessimistic about short-term improvement.

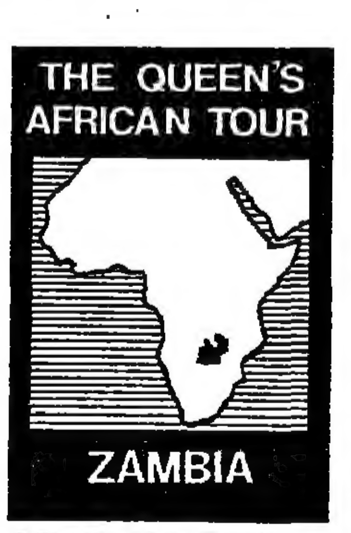
This bad news, only partly relieved by Zambia's position as the world's second-largest cobalt producer, is accompanied by a worrying loss of skilled expatriate workers on the two state-owned mines, Roan Consolidated Mines (RCM) and Nchanga Consolidated Copper Mines (NCCM). The shortage of 1,500 expatriates in an establishment of 5,000 is one reason for a fall in output from the 1969 peak of 720,000 tonnes to well below 650,000 this year.

Meanwhile, landlocked Zambia is in the embarrassing position of relying on the southern railway through neighbouring Rhodesia, reopened last October, to carry half its copper to the South African port of East London.

The South African link has been reinforced by the need to import at least 50,000 tonnes of maize from the republic to help to make up an estimated 250,000-300,000-tonne shortfall in last year's harvest. Maize is the staple diet of Zambia's 5.5m population.

The combination of economic strain and southern dependency shows in other ways. By the end of 1978, arrears in payments for imports and remittances of profits and dividends reached Kwacha 500m (£290m), since reduced to less than Kwacha 450m.

Unemployment has soared as industry, starved of foreign exchange, operates well below capacity and lays off workers. Such basic commodities as soap, cooking oil and bread are unavailable. The standard of living of Zambians has fallen markedly in recent years and their difficulties are compounded by a rate of inflation, now contained at around 14 per cent, which reached nearly 20 per cent in 1977.




● For President Kaunda, left, the Queen's visit is a welcome distraction

The dependency ranges from the trivial — South African apples — to vital—heavy lubricating oil and spares for the mines, wheat and fertiliser, and a range of consumer goods.

Thus one of the key questions at the conference and in the months ahead is the extent to which the relationship with the south and the use of the railway will affect the whole problem of Rhodesia.

Is President Kaunda's continuing opposition to Bishop Muzorewa's administration in Salisbury and support for a 16,000-strong army of guerrillas and recruits loyal to Mr. Joshua Nkomo's Zimbabwe African People's Union (ZAPU) compatible with his country's economic predicament?

The economic and military war has cost Zambia dearly. Applying sanctions against a former major trading partner, and re-routing traffic has cost over £600m. Scores of soldiers and civilians have died, in addition to more than 1,000 ZAPU members killed on Zambian soil in Rhodesian raids, which have reached into the heart of Lusaka.

Yet all these problems were evident when President Kaunda won the support of 80 per cent of the voters in a 65 per cent turnout in last December's presidential and general elections. There is no sign that his authority has since diminished.

It is a tribute to the 56-year-old President's political skills that, despite independence, conflicts in surrounding states and the past years of depression, the country remains stable.

But the challenge that Zambia faces in the year ahead is whether this achievement can survive the growing conflict in Rhodesia.

# U.S. consumer prices up by 1% last month

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

U.S. CONSUMER prices rose again last month by a full 1 per cent, bringing the annual rate for the first half of this year up to a daunting 13.2 per cent.

As has been the case since the spring, the increase was the result of soaring energy and housing costs, more than offsetting more modest advances in food prices.

In June, the transportation index went up by 1.7 per cent (embracing a 5.6 per cent jump in petrol prices) while the housing component rose by 1.3 per cent. The food sector increased by only 0.2 per cent, the smallest advance since July last year.

Because of this continued inflation, the real earnings of Americans continued to decline—in June by 0.8 per cent from the May level and over the year by 3.5 per cent.

Mr. Alfred Kahn, Mr. Carter's inflation chief, told a Congressional hearing that, but for the latest round of OPEC oil price increases, double-digit inflation would no longer be plaguing the country.

He foresaw continued relief on the food front, but admitted that energy and housing had now become "the essence" of the inflation problem.

At his Press conference on Wednesday night, the President strongly pledged to continue present economic budgetary and monetary policies, to bring inflation under control.

He noted that Mr. Paul Volcker, who he had nominated to succeed Mr. G. William Miller as chairman of the Federal Reserve Board, also held similar strong commitments to such responsible policies.

The President in fact gave few clues on when or if he would move to stimulate the economy so as to avert recovery from the present economic recession.

The dollar certainly would be adversely affected if he were to embark on wild spending programmes when they are not needed, he declared.

But he did say it would be necessary to keep a close watch on unemployment.

**President Carter signed a new trade liberalisation Bill in Washington yesterday, which, he said, would "strengthen the dollar" by opening the way for more U.S. exports.**

**The Bill, passed overwhelmingly by both the House and the Senate, would also strengthen the U.S. position in the international trade community, create jobs, and reduce unfair trade practices, he added.**

# Oil imports way above target

BY DAVID LASCELLES IN NEW YORK

U.S. OIL imports were way above target in the first week of President Jimmy Carter's new energy crackdown.

In the seven days ending July 20, they totalled 8.5m barrels a day, according to the American Petroleum Institute, the oil industry's trade group. This was 300,000 more than the 8.2m barrel limit set by Mr. Carter in his energy address the previous week-end.

Oil industry observers point out that even though Mr. Carter said the limits applied "beginning this moment", most of this oil was already on its way to the U.S., and it would be unreasonable to expect imports to decline so quickly.

The volume of imports should also be averaged out over a period, they say. Since May, imports have averaged 8m b/d, ranging from 7.4m to as much as 8.5m.

Data released by the institute also showed that while refinery production of petrol and distillates remained steady during the week, stocks are improving. Petrol inventories rose 1m b/d to 234.2m, and distillate stocks (diesel, heating oil, etc.) went up nearly 7m b/d to 157m.

The Administration wants distillate stocks to reach 240m b/d by October, to ensure adequate heating oil supplies for the winter.

# Nicaragua nationalises banks

BY WILLIAM CHISLETT IN MANAGUA

**NICARAGUA'S JUNTA of national reconstruction has nationalised local private banks, curbed the activities of foreign banks and announced that, while it will honour all foreign debts, it will not repay $5.1m to Argentina and Israel used by former President Somoza to buy arms.**

**At its first Press conference since it took power five days ago, the junta yesterday said that the Government would buy the shares of the five private banks with Government bonds with a 6½ per cent annual interest rate, due in five years. The book value of the banks will be accounted in accordance with international practice.**

**Somoza's Banco de Centro America and 51 of his companies have already been seized.**

**The nationalisation was no surprise and is considered essential if the Government is to restore order to chaotic and bankrupt banking system, bled by the events last week war, and to restore international credit-worthiness. The public and private foreign debt is $1.3bn, and needs to be restructured urgently.**

**The move is also designed to stop the heavy capital flight, estimated at $250m, that has taken place over the past two years.**

**Foreign banks, including Citibank and the Bank of London and South America, which are represented in Nicaragua, will no longer be able to offer facilities for savings and current accounts. The junta did not elaborate on their new function but it is believed that a new law regulating their role will limit foreign banks to lending in dollars and to export and import financing.**

**The moves are part of the junta's plan to establish a state-regulated mixed economy. It was stressed, however, that nationalisations would not become indiscriminate. Private enterprise would be respected and foreign investment welcomed providing it complemented Government development programmes.**

**The junta said that it had already requested $50m from the Inter American Development Bank to meet pressing short-term needs to reactivate the economy.**

**According to the junta, at least $3.5m in cheques and cash was stolen from state funds by Somoza supporters in the final days of the regime.**

# Congress told of plan to sell tanks to Jordan

By Our Washington Staff

THE CARTER Administration has notified Congress it intends to sell Jordan up to 300 M-60 tanks, following an assurance from the Jordanian Government that it will limit its armoured forces to 16 tank battalions, about 800 tanks in all.

This undertaking is considered necessary by the Administration if the proposed sale is to get Congressional approval.

The hostile attitude of King Hussein and his Government towards the Israeli-Egyptian peace treaty and the present negotiations on West Bank autonomy, both sponsored by the U.S., has not inclined many Congressmen favourably towards Jordan.

The planned M-60 sale is also bound to be opposed by Israel.

Because U.S.-Jordan political relations are not at their warmest at the moment, the Administration feels it important that the U.S. be seen to be helping Jordan and trying to prevent it straying too far into the radical Arab camp.

# Governor Brown sets out on the Presidential trail

BY JUREK MARTIN

GOVERNOR JERRY BROWN of California will set up an exploratory Presidential campaign committee next week, his top political aide said in Sacramento on Wednesday.

This is the necessary first step on the road to the White House. A number of as yet undeclared candidates on the Republican side, including Ronald Reagan, Mr. Brown's predecessor as Governor, and Senator Howard Baker from Tennessee, have established committees.

Most public opinion polls still show Mr. Brown trailing President Carter in the estimation of registered Democrats.

One recent survey gave the Governor only a slight lead over the President in California, where, in the 1976 primary election, he beat Mr. Carter three-to-one.

Mr. Brown does pose a potentially serious threat, however, to a President whose own popularity is in doubt.

Should Mr. Brown show signs of being able to take the Democratic Party's nomination away from Mr. Carter, Senator Edward Kennedy of Massachusetts would have some serious thinking to do, since it is widely accepted here that Mr. Kennedy, who leads all the polls by a wide margin, finds Mr. Brown even less compatible than he does Mr. Carter.

Mr. Brown can be expected to assail the President from all sides—left, right and centre. It is, in fact, his lack of a perceived ideological commitment that may be the biggest hindrance to his candidacy.

Liberal Democrats, for example, view with profound mistrust his sudden espousal last year of the Proposition 13 type of conservative economics, while those to the right of the party also have misgivings about his abrupt conversion.

Mr. Carter's own difficulties as President may also work against Mr. Brown, who, like Mr. Carter in 1976, has no experience of government in Washington.

But Mr. Brown is nothing if not a practised politician.

# Brazil plans petrol supply cut

BY DIANA SMITH

BRAZIL'S NEWLY-created National Energy Commission has recommended to President Joao Figueiredo that petrol refining be reduced by 10 per cent and that the heavy tar saved be added to diesel oil.

This will increase diesel supplies by 10 per cent, according to the Energy Minister, Sr. Cesar Cals, a member of the commission, and advance one of the Government's main priorities, reduction of petrol consumption and greater, guaranteed diesel supplies for agriculture.

Although demand for petrol has tapered off somewhat in the past year when 20 per cent alcohol was added to the mixture, the Energy Commission's recommendation, of July 24 calls for a more drastic step—the closure of petrol pumps for two days a week. Diesel pumps would remain open full time. At present, service stations close on Saturday evenings and reopen on Monday mornings.

The Energy Commission, empowered to counsel the president of the republic but not to decree measures, has also recommended the creation of a U.S. style Energy Mobilisation Fund that would finance research and development of alternative fuel sources.

The fund's resources would be drawn from higher taxes on oil derivatives, now to be imposed on the basis of the cost per barrel of imported crude.

Further, prices to the consumer of oil derivatives will rise in late August, with the biggest increase (probably 40 per cent) on fuel oil. Industrial consumption of fuel oil is considered to have grown too rapidly.

Hitherto, fuel oil prices have been subsidised by petrol tax, and the authorities estimate that a more realistic price will discourage wasteful consumption and encourage gradual conversion to coal.

The two OPEC increases this year will cost Brazil an extra $2.5bn for imported crude, raising the bill to at least $7bn (about 50 per cent of all imports). Imports are to be held at 960,000 b/d.

The Commission is now studying a review of risk contracts offered by Petrobras, the national oil monopoly, available hitherto only to foreign oil companies.

After further consideration, it is likely that the Commission will recommend extension of these contracts to Brazilian private concerns.

# Trinidad build-up for general election

By David Renwick in Trinidad

PREPARATIONS appear to be quietly starting for the next general election in Trinidad and Tobago. It will have especial interest, because Dr. Eric Williams, the Prime Minister, three months away from his 68th birthday, is believed finally to have accepted that the next election must be the last in which he will lead the People's National Movement (PNM) into battle. In the meantime, Dr. Williams has reshuffled his Cabinet.

Most of the 15 ministers have been, to use Dr. Williams's euphemistic description, "rearranged and readjusted," and though no one actually lost his or her seat in the Cabinet, the purpose of the exercise clear: to amalgamate some responsibilities and rationalise others in a way intended to lead on to more effective discharge of ministerial functions and to the faster realisation of the development goals the PNM Government has set itself.

The poll itself is not officially due until September, 1981, when the Prime Minister will be 70. In a country where the majority of the inhabitants are under the age of 44, it might seem more appropriate for a younger man to assume the reigns of power in a party that even its opponents contend is unlikely to be voted out of office in the foreseeable future.

Dr. Eric Williams

There is a strong body of opinion which holds that Dr. Williams may not wait until the statutory end of the present parliament, but will call an election within the next 12 to 14 months. Having pulled off electoral triumph for the PNM for the sixth time, he would then step down from the party's political leadership once the formalities of succession have been completed.

He himself has urged the party to start thinking seriously about the next political leader. He declined, however, to do the party's choosing for it and said he would not indicate any personal preference for the succession, enjoining PNM members to ensure that the handover of leadership was conducted in an orderly manner.

But it is this reluctance to name a favourite son that has attracted some criticism of Dr. Williams from within the party. A leading PNM backbencher and former minister, Mr. Shamshuddin Mohammed, has started a move to get the party to elect one deputy political leader who will be identified and accepted as the person to take charge once Dr. Williams goes.

The present situation is that there are three deputies appointed by Dr. Williams; they are not elected by the rank and file as is the political leader. Presumably each of these three men—Mr. Kamaluddin Mohammed, Mr. Shamshuddin's brother, who holds the portfolio of Minister of Health and Local Government, Mr. Errol Mahabir, Minister of Energy and Energy-based Industries, and Mr. George Chambers, Minister of Agriculture and Industry—harbour ambitions for the top job but it is to avoid the bitter internecine conflict which would follow Dr. Williams's exit that the movement for one deputy has now been mounted.

Before he goes, Dr. Williams is understandably anxious to rectify many of the weaknesses that have prevented his government from taking maximum advantage of Trinidad and Tobago's oil wealth and translating monetary income into real development. A major inhibiting factor has been the slow way in which the civil service works and the apparent inability of senior government officials to master management skills. Among the Cabinet changes was one which involved the appointment of a minister to assist Dr. Williams, in his capacity as Finance Minister, to get Cabinet decisions implemented by the civil service on time.

What effect the Cabinet shake-up will have on these problems remains to be seen. But there is obviously not much time for Dr. Williams to achieve improvement if the 1980 electoral deadline Dr. Williams is believed to have set himself.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THE NEW SPIRIT OF MOTORING

# TALBOT

# WORLD TRADE NEWS

## Belgian company failure may hit Mideast contracts

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

GOVERNMENT and business circles here have been severely shaken by the bankruptcy of a Belgian construction company acting as the lead contractor in a $1bn (£431m) project to build two large hospital complexes in Saudi Arabia.

It is feared that the collapse of the company, Eurosystem Hospitalier, and the uncertainties which this has created for the project's future could damage confidence abroad and make it much more difficult for Belgian concerns to compete for similar contracts in the Middle East.

Eurosystem is controlled through a subsidiary by Societe Generale de Belgique, one of the country's largest industrial holding companies. Societe Generale has been strongly criticised, in an unusual public rebuke by M. Henri Simonet, the Belgian Foreign Minister, for failing to come to the company's aid.

But despite the concern which the affair has clearly generated in the Belgian Cabinet, where it has been discussed in considerable detail, the Government has so far refused to intervene directly to ensure that the project is completed.

M. Simonet said that the Saudi Government had asked him some time ago to consider offering Government guarantees for contracts undertaken by private companies. But he added that no decision would be taken on this until the Government had received a report from a team dispatched to Saudi Arabia by other members of the consortium to see whether the project could be restarted.

Eurosystem won the contract to build two 500-bed hospitals in Riyadh and Jeddah in 1976, partly because of influential contacts in Saudi Arabia. It then joined up with seven other concerns to carry out the projects.

Difficulties began after a sub-contract was awarded to a Mexican company, which was unable to perform the work according to schedule. Last September the Saudi Government stopped payments on the project, causing a cash-flow problem for Eurosystem estimated at more than $100m.

One aspect of the affair which attracted considerable attention is the size of the commissions paid to obtain the contract, which were reported to amount to about $250m, a quarter of the total value.

Despite M. Simonet's assertions that this money represented genuine business commissions and was not a "slush fund," Belgian authorities have opened a formal inquiry to determine whether the affair involves fraud and this week removed a large quantity of documents from Eurosystem's offices.

Meanwhile, the Government has been moved to deny formally that any member of the Belgian royal family has been involved with Eurosystem's affairs.

## Dutch contractors pessimistic

BY CHARLES BATCHELOR IN AMSTERDAM

PROSPECTS for Dutch construction and dredging companies abroad in the near future are less favourable in contrast to the rapid growth of the past few years. Large orders from the Middle East now drying up while China appears to be slowing down its expansion plans, according to the Association of Dutch Contractors Operating Abroad.

Foreign turnover of the 21 contractors who are members of the association is expected to rise by Fl 1bn (£225m) this year after increasing by only Fl 300m in 1978 to Fl 6.1bn. New orders this year are expected to be primarily for housing, hospitals, universities and other community projects.

The Middle East accounted for half the turnover booked in 1978, with Europe and Africa each accounting for 20 per cent and the rest of the world 10 per cent. In 1980 and the following years North Africa and, to a lesser extent, North and South America are expected to compensate for the slow-down in orders from the Middle East. China now offers prospects in the longer rather than in the short term, the Association said.

The organisation's findings confirm a trend already recorded by the Dredging Industry Association which as early as 1977, reported a halt to the growth of foreign markets.

Ballast-Nedam, for example, one of the largest Dutch construction groups, has forecast that its turnover will fall slightly in 1981 following the completion of a Fl 4.7bn housing-project in Saudi Arabia.

## French arms sales to Saudi Arabia likely to increase

BY OUR FOREIGN STAFF

A LARGE increase in French arms sales to Saudi Arabia is expected in the light of a far reaching defence co-operation agreement signed between the Saudi Defence Minister, Prince Sultan, and the French Defence Minister, M. Yvon Bourges, earlier this month.

The agreement, signed in the Saudi summer capital of Taif on July 15, calls for the creation of a permanent joint defence commission covering two areas where France is already providing hardware—armour and missile defence systems—and in fighter aircraft programmes, where Saudi Arabia has hitherto relied on British and U.S. suppliers.

Eventual sale to Saudi Arabia of the new generation of Mirage strike aircraft, the 2000 or 4000, is now a possibility, despite the planned delivery early next year of the first of 60 U.S. F-15 fighters for the Royal Saudi Air Force. But Saudi officials have constantly insisted that they prefer not to rely on a single supplier for defence purchases.

An immediate result of the agreement will be the delivery of Thomson CSF/Matra Crotale mobile surface to air missiles for the Saudi Army.

As long ago as 1974, Saudi defence planners requested a more advanced version of the Crotale, known as the Shahine, now being developed in France with Saudi funds. It has the advantage over the Crotale of greater speed and range.

The planned deliveries of the Shahine, enough for a whole armoured regiment, have now apparently been delayed beyond the original schedule of early next year. And Prince Sultan is said to be looking for immediate deployment of a mobile missile.

The Crotale will be mounted on the chassis of the French-supplied AMX-30 tank, of which the Saudi Army now has about 400 in service and on order.

It is perhaps also significant as an indication of Saudi anxiety that the Crotales are likely to go to Saudi Army units based near Khamis Mushait, 50 miles north of the border with North Yemen. In February, Prince Sultan ordered a general military alert when outright fighting broke out between North Yemen Government forces and rebels supported by the Marxist regime in South Yemen.

Last year, the now-defunct Arab Organisation for Industrialisation contracted Thomson CSF to build facilities to make communication sub-systems for the missiles and other AOI programmes, including the Westland-Lynx helicopter.

The $10bn project, at Kharj, south of Riyadh, was also apparently to undertake assembly of the Shahine air defence system.

But the expansion plans appear to have been affected by the Saudi slow-down in spending and the disbanding of the AOI because of the peace treaty. Last month, work was continuing on the Thomson contract, believed to be worth $200m in the first instance, and the indication was that the Saudi Defence Ministry had picked up the AOI order.

## Liberia defends its flags of convenience

By Mark Webster, recently in Monrovia

THE COLLISION of the two super tankers off Trinidad has once again focused world attention on Liberia, because of its reputation as a "flag of convenience" nation.

The fact that the Aegean Captain carried the Liberian flag gives the country the unenviable record of having had a Liberian registered ship involved with every major oil tanker accident over the past few years.

The Torrey Canyon, the Argo Merchant and the Amoco Cadiz all had Liberian registry. And not only was the Aegean Captain flying the Liberian flag, but the other ship in the collision, the Atlantic Empress, was Liberian registered until it changed to the Greek flag last October. The latest accident is bound to raise fears once again about the safety standards of Liberian ships.

Liberia's maritime authorities are well aware of the criticism which is bound to result, and has already sent its own inspectors to the scene to inspect the damage and try to find out what was responsible for the accident.

Liberia is already under fire from its African neighbours for acting as a flag of convenience, for they complain that ships bearing the Liberian flag can avoid certain taxes which they would normally have to pay in their port of loading or unloading. But maritime duties such as registration fees and tonnage tax, still represent a significant proportion of the Liberian Government's income. That income has become all the more important since Liberia's biggest single export, iron ore, hit a low trough on world markets.

Maritime fees are now the third most important source of income after customs and excise duties and income tax, and represent between 5 and 8 per cent of total Government revenue.

Last year, thanks to a slight upturn in the shipping market, total income from maritime fees reached $14m compared with a 1977-78 figure of $12m. This year's budget projects a figure of $13m for maritime fees.

But Liberia is insistent that it has tightened up considerably on its inspection regulations since the board of inquiry at the Argo Merchant accident criticised the country heavily for not ensuring adequate checks.

Mr. Gerald Cooper, the Commissioner for Maritime Affairs, said prior to leaving for Trinidad that there would be a full inquiry into how the accident came about.

"Over the Amoco Cadiz everyone blamed the flag of convenience at first," he said. "But the investigation showed the ship was first rate, and there were three people on board who held Master's licences."

Nonetheless several recommendations were made at the time of the accident which were since being put into effect, he said, adding that the history of maritime accidents should be included in maritime training and that crews should be trained to act better in the face of a crisis by simulating more types of emergencies.

Mr. Cooper said that Liberia had reason to be proud of its safety record with only 12 Liberian ships reported in accidents last year, according to Lloyds list, compared with 15 British registered ships and 20 registered in the U.S. However, one of those Liberian shops was the Amoco Cadiz carrying 400,000 tonnes of crude oil.

There was always a likelihood that a Liberian ship could be involved in an accident because one quarter of the world's tanker fleet was Liberian registered, representing one-third of total tonnage. Liberian ships also tended to be bigger than those in other fleets, with an average tonnage of 40,000 compared with the average for the British fleet of only 12,000 to 13,000 tonnes.

Liberia still has the world's largest fleet with nearly 28,000 vessels carrying its flag with a total tonnage of nearly 80m. To carry out checks on those ships the Liberian Government has 200 inspectors around the world, who, once a year, are required to examine ships less than 15 years old and once every nine months of those more than 15 years of age.

Indicative of the authority the inspectors have is the fact that actual detentions of ships which have not passed inspection increased to 222 in 1977 from 109 in 1974, Mr. Cooper said.

"We have told the shipowners that we offer enough economic benefits for them to be competitive without sacrificing safety. Most shipowners have agreed to these principles."

But he said that some 200 ships had left the Liberian flag during the past year, mainly for the Panamanian or Greek flag. Most of those had left, he felt, because of Liberia's insistence on the high qualifications required of the captains and crew.

All Liberian captains must carry Liberian licences, which are either obtained by exchange with one of the country's recognised or by passing Liberia's own exams.

## Ford decides to halt Fiesta exports to U.S.

BY KENNETH GOODING, RECENTLY IN DETROIT

FORD WILL stop importing European-made Fiesta cars to the U.S. in September. The company imported 75,000 Fiestas last year, but the move is not expected to adversely affect European plants because the model has been in short supply for some months, the company said.

From September onwards, U.S. manufacturers will not be able to count the often highly economical models made by their European subsidiaries as an offsetting factor against increasingly stringent overall fuel economy standards they must meet in the U.S. with their cars.

Ford also takes the view that each Fiesta imported would cut into the sales of domestically-produced Fords, so that the decision to stop Fiesta imports will be beneficial from the point of view of both sales and industrial peace.

The car is assembled in Spain, West Germany and England from components supplied by 16 Ford plants.

The debate within Ford about whether a version of the Fiesta should be built in the U.S. is continuing, but most observers here expect the group to go ahead with production late in 1981.

The suggestion is that the U.S. Fiesta would use the same front-wheel-drive power chain developed for Erica, the car model which will replace the Escort in Europe and the Pinto in the U.S. next year.

● A Ford team is to make another visit to China in August to resume discussions about a posible joint venture with the Chinese to make heavy trucks. The group has already shipped from the U.S. more than 700 four-wheel-drive trucks under the terms of a $7m contract signed some months ago.

## Toa to go ahead with plan to purchase new aircraft

BY RICHARD C. HANSON IN TOKYO

TOA Domestic Airlines has revived plans to replace its ageing fleet of Japanese-made YS-11 aircraft which have been plagued recently by equipment failures.

Toa is considering the British made BAC-One-Eleven, two models of the Fokker F-28 made in the Netherlands and the DC-9 Super 80 short-field craft being developed in the U.S. At this stage, however, there are problems with all three in meeting noise standards.

Toa had shelved temporarily its search for a replacement for the YS-11, which first went into production in 1964. Toa has 38 YS-11s, used for carrying passengers on minor routes from small airports with runways of 1,200 metres.

Last week, the Transport Ministry ordered special checks on the turbo-prop craft following incidents in which the aircraft suffered inflight power failures and one case when the landing gear failed to unfold.

British Aerospace, which has been promoting the BAC-One-Eleven for a long time at considerable expense, had been disappointed earlier when Toa dropped the idea of replacing the YS-11 and placed an order for A-300 European Airbuses.

## Brazil's oil deficit rises

BY DIANA SMITH

ACCORDING to figures released by the Brazilian Trade Bureau, the country's trade deficit with oil producing countries has increased greatly.

In the first four months of 1979, oil worth $1.4bn was imported by Brazil from these countries, whereas goods worth only $157m were purchased from Brazil, creating a deficit of nearly $1.26bn.

In comparison, the deficit for the same period of 1978 was $1.08bn, with imports of $1.27bn and exports of $188m.

The heaviest deficit is with Saudi Arabia, Brazil's third largest oil supplier: $609.8m worth of crude was purchased while only $7.8m of Brazilian goods were sold there. Iraq, which now supplies almost half of Brazil's imported crude, sold Brazil $5.75bn worth of oil in the first four months, and bought $46.9m worth of goods.

In compensation, Brazil had a $428m surplus in its four monthly trade with developed nations, with imports of $2.49bn and exports of $2.82bn. With the EEC alone, the surplus was $369m.

# Car mileage record frauds 'widespread'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

ALLEGATIONS of a widespread car clocking fraud involving large and well-established companies were made by the Office of Fair Trading in a report published yesterday.

The report, dealing with consumers' problems in buying used cars, suggested that up to 200,000 were sold with the mileage record illegally turned back.

The OFT says that in some cases, mileage recordings are turned back by 30,000 to 40,000 miles, which can add more than £500 to the value of a vehicle. The Institute of Trading Standards Administration estimates that this practice costs consumers about £50m a year.

Cars most likely to have this done are those which belonged to companies, including car-hire and leasing. These are more likely to have a high mileage in a relatively short period.

"There is little doubt that some large and established retail companies are also selling clocked vehicles. And, given their expertise, it is also fair to conclude that many sales staff, including perhaps more senior staff, are aware that this is happening in their companies."

Mr. Gordon Borrie, director-general of Fair Trading, would not disclose names of companies which the OFT believed knowingly sold clocked used cars. He made clear that apart from any criminal proceedings for fraud such companies could face having their consumer credit licences revoked.

*Even where prosecutions were* successful, said the OFT, the low level of fines was unlikely to deter others. While the average "clocking" was between 10,000 and 30,000 miles, most fines were less than £300 and in a third of cases less than £100. These were often less than the extra profit on each sale.

There were 357 prosecutions in 1978. Suggested solutions included requiring all car fleet-owners to enter the mileage of each car at the time of sale on the Vehicle Registration Document and the notification of sale or transfer slip. This information would be stored on the computer at the Driver and Vehicle Licensing Centre in Swansea.

A new document showing car mileage could be introduced, to stay with a car throughout its life. Or tamper-proof odometers could be required by law, as will be the case in the U.S. from October 1981.

The OFT report shows that consumer complaints rose over 100 per cent in the past three years. About 3m used cars are bought each year. Last year some 52,000 complaints were made to trading standards departments and other consumer bodies.

# William Press sets aside £2m

BY JOHN MOORE

SHAREHOLDERS of William Press, the engineering and construction group, were told yesterday that the group might face a £600,000 bill if a charge of conspiring to defraud the Inland Revenue is successfully prosecuted.

Mr. William Hawken, group chairman, said at the annual meeting that in connection with the Inland Revenue's investigations the board's attention had been directed to "a situation in one area of the company's operations."

He added "If the Revenue are right the amount could be £600,000." This amount had been allowed for in a £2m estimate which had been entered into the accounts as a contingent liability.

To the £600,000 had been added "various contingencies which we think applicable after the receipt of independent advice," Mr. Hawken said.

Mr. Raymond Daniels, managing director of William Press, and Mr. Alan Gravelius, group finance director, together with nine other employees, have been charged with conspiracy to defraud the Inland Revenue.

The charges followed a 15 month inquiry by the Inland Revenue into alleged abuses generated by the construction industry's "lump" labour system, under which hired operatives are paid in cash and contractors are expected to deduct tax payments. A tax deduction scheme introduced in 1977 has closed many of the loopholes in the system.

Mr. Hawken indicated that Scotland had been an area of the group's operations where the Inland Revenue had directed its attention.

He said the group's labour contractor's tax certificate—which enables the group to trade as a sub-contractor—was being renewed by the Inland Revenue when it expired on September 30.

But it is being renewed only for a year, after which the Inland Revenue is to consider renewal for the normal three-year period.

# Newsprint price to go up

By John Lloyd

NEWSPRINT PRICES are certain to rise next month, probably by about £20 a tonne, as foreign and domestic suppliers attempt to raise falling profit margins which have been hit by the weakened dollar.

The two UK newsprint manufacturers, Bowater and Reed, have been worst hit in recent months, and have warned their customers that unless price rises go through, the UK indsutry faces extinction.

Next month's increase will follow a £16 a tonne rise in May by the UK and the Scandinavian producers.

The crisis arises from a currency clause negotiated between the industry and the users in October 1977, when the pound was weak against the dollar.

The caluse, which set out a two-way rebate scheme, gave a rebate of £1.34 from customer to supplier for every cent the pound fell below $1.65, while the supplier had to repay the same amount to the customer for every cent it rose above a level of $1.75.

The later strentghening of sterling and other currencies against the dollar has forced British and Scandinavian producers to rebate big amounts to their customers. However, the Canadian suppliers have been much better placed, and have been able to keep their prices low.

# Special court for Rossminster case

BY DAVID FREUD

THE JUDICIAL review of the *Inland Revenue's seizure of* documents belonging to the Rossminster group on the grounds of suspected tax fraud will be heard by a special court next week, it was decided yesterday.

Lord Widgery, the Lord Chief Justice, agreed that the case was "of great urgency and enormous public importance" and three judges should hear it in the law recess.

Mr. Andrew Bateson, QC, for Rossminster, said if the case was not heard until the next legal term in October, the litigation would become "academic."

"The company is in considerable, and possibly growing, financial difficulties as a result of this matter," he said.

The other plaintiffs are A.J.R. Financial Services, which occupies the neighbouring premises, Mr. Ronald Plummer, Rossminster director, and Mr. Roy Tucker, a tax consultant who has worked closely with the group in marketing tax avoidance schemes.

Two weeks ago the Revenue took out warrants and entered the companies' offices and several homes seizing van-loads of documents.

Rossminster is seeking damages for wrongful interference through the judicial review.

It also wants an injunction to restrain the Inland Revenue from removing anything the Revenue does not have reasonable cause to believe could be used in evidence in connection with tax fraud. An order is sought for the return of those documents already taken which do not fit this category.

The plaintiffs are also seeking several declarations from the Revenue, including one that it was bound to provide access to the seized documents and that the only way such access could be given was on the plaintiffs' premises.

# £12m film debt written off

REORGANISATION of the National Film Finance Corporation will involve writing off more than £12m of its debts, and funding it in future mainly from a share of the levy on cinema admissions — the Eady Fund.

The new corporation will be expected to stimulate private investment in film-making.

Mr. John Nott, Secretary for Trade, said yesterday that there would be a "modest but final" investment by Government in the corporation. He had nothing to say about the Wilson committee's views that Eady money too often goes to soft-porn productions.

Eady produces about £8m a year, of which about £1m finances *children's films*. It is thought that the Government would like to see a further £1m go to the corporation.

# Curb on pension refunds to go

*THE GOVERNMENT has lifted* a ban by the Inland Revenue on employees with pensionable pay above £5,000 receiving refunds on leaving a pension scheme.

In a Commons Written Answer, Mr. Peter Rees, Treasury Minister of State, said it had been decided that the *£5,000 limit should be removed* completely from April 1, 1980. There would then be no ban on refunds to members leaving pension schemes on and after that date except as required by the Social Security or Social Security Pensions Acts or as provided by the rules of a particular pension scheme.

# Half of life and pension funds inflow invested in gilt-edged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PURCHASES of gilt-edged *stocks absorbed roughly half* the inflows of life assurance companies and pension funds in the first three months of this year.

*Central Statistical Office* figures published yesterday show that net inflows into life and pension funds amounted to £2.19bn in the first quarter of 1979. This was 8 per cent higher than the previous three months and 10½ per cent higher than the same period a year ago.

This steady rise reflects the impact of inflation on life premiums and on pension contributions. Net inflows more than doubled between 1974 and last year.

The bulk of these inflows—particularly to life assurance companies—have been absorbed by sales of Government debt as public sector borrowing has remained at a high level.

Purchases of gilts have accounted for between 48 and 53 per cent of a sharply rising total of inflows into life and pension funds since the mid-1970s.

These funds increased their purchases of equities to £608m in the first quarter of this year, higher than at any time last year.

Buying of property fell to £178m in the quarter—compared *with £245m in the previous* three months—due to a sharp cutback in life assurance company purchases. But this figure tends to fluctuate sharply.

Total inflows into non-bank financial institutions were £3.88bn in the first quarter, compared with £4.14bn in the previous three months. This was due to a sharp drop—down *from £1.43bn to £1.16bn—in* building societies inflows. There was also an adverse movement in other liabilities and unidentified items.

About 37 per cent of these total net inflows were invested in British Government securities and 16 per cent went into ordinary shares.

INSTITUTIONAL INVESTMENT
£m, seasonally adjusted

| | | Net inflow into life assurance and pension funds | Purchases by these funds of: Gilts | Ordinary shares | Property |
|---|---|---|---|---|---|
| 1977 | | 5,873 | 2,949 | 1,939 | 905 |
| 1978 | | 7,751 | 3,753 | 2,155 | 1,078 |
| | 1st | 1,987 | 908 | 579 | 375 |
| | 2nd | 1,913 | 1,243 | 443 | 208 |
| | 3rd | 1,823 | 909 | 553 | 250 |
| | 4th | 2,028 | 693 | 580 | 245 |
| 1979 | 1st | 2,191 | 1,016 | 608 | 178 |

*Source: Central Statistical Office*

# Protest over BR asbestos shed

RESIDENTS OF the London borough of Redbridge have planned a protest march tomorrow against British Rail's proposed siting of a blue asbestos stripping shed close to their houses, shops and schools.

Mr. Vivian Bendall, MP for Ilford North, will raise the issue in the Commons today.

British Rail insists the project will not present any health hazard, however, Mr. Brian Saunders, the council's chief environmental health officer, said: "The council's view is that it is an operation which has risks, and as such should not *have been placed* in a residential area."

# Gap in fuel costs closing

BY DAVID FISHLOCK, SCIENCE EDITOR

NUCLEAR ELECTRICITY remains cheaper than either coal-fired or oil-fired electricity. However, the gap in overall generation costs between the three fuels has narrowed appreciably, according to the latest figures from the Central Electricity Generating Board.

Generation costs in 1978-79 for CEGB power stations commissioned since April 1965 were: nuclear (Magnox reactors), 1.02p per kilowatt-hour; coal, 1.29p per kWh; and oil, 1.31p per kWh.

A partial reason for the diminishing gap between nuclear and coal electricity costs is the use of a different method of accounting this year, less subject to distortion by inflation, says the CEGB.

"The changes we've made have probably pushed up nuclear costs more than the others," Mr. Glyn England, chairman of the CEGB, said yesterday.

The nuclear figures include charges for reprocessing, which have been increasing steeply, and for decommissioning the reactors, for which the CEGB set aside £20m last year. However, the Board says it will be several years before a start need be made on the three-stage process of decommissioning any of its nuclear stations.

The narrowing of the gap between coal and oil electricity costs last year was due to the availability of relatively cheap oil, a situation which no longer exists. Mr. England foresaw the CEGB's new oil-fired station on the Isle of Grain, when completed, being used to meet peak demand.

The Board obtained 11.14 per cent of its electricity from nuclear plants last year—slightly less than the previous year because of delays in returning Magnox reactors to service after scheduled overhauls.

Summing up the performance of the first of its new nuclear (AGR) stations, at Hinkley B, Mr. England said it was "reasonable" given this was "a new type of plant and early days." Although there had been breakdowns—many but not all on the "conventional" side of the plant—nothing had arisen to discourage their use of this kind of reactor.

# Scottish coal from China plan

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SOUTH OF Scotland Electricity Board is to import 100,000 tonnes of coal from China to make up for a shortfall from Scottish pits.

The announcement by Mr. Roy Berridges, chairman, last month, that the board was to buy foreign coal brought strong criticism from the National Union of Mineworkers, and yesterday Mr. Eric Clark, Scottish secretary of the union, said he had asked for a meeting with the Government to discuss the move.

"The union is working with the electricity board on new productivity targets, but it is imperative there must be an investment programme in Scotland to let us get out the coal that we know is there."

The electricity board says it needs at least 250,000 tonnes more than the Scottish pits can produce. In addition to the Chinese coal, which will begin to arrive in autumn, the board is to buy 155,000 tonnes from the National Coal Board's north east of England area.

The board has imported coal before, but only a small shipment of 11,000 tonnes bought on the spot market to supply a power station where stocks had run low. It is refusing to say how much it is paying for the imports, but maintains that the contract is a one-off deal and not the beginning of a long-term arrangement.

An increase in coal prices of 24 per cent over the last five months and the recent oil price rise forced the board to announce a second increase in domestic tariffs yesterday.

Following a 9 per cent rise in April, they will go up by a further 7.5 per cent from September.

The North of Scotland board is also to increase its charges by a similar amount. Industrial users on the monthly tariff will not be affected, since the price they pay is increased automatically through fuel cost adjustments.

# Sir Charles Clore, pioneer of the takeover bid

SIR CHARLES CLORE, the financier who perfected the technique of the takeover bid, died yesterday in a London clinic at the age of 74. He had suffered from cancer and had undergone two major operations in recent weeks.

Sir Charles, whose business interests included the Sears group of department stores, shoe maufacturers and retailers and bookmakers, left a personal fortune estimated at £50m.

His philanthropy included donations to the London Zoo and setting up a Tel Aviv hostel for Israeli soldiers on leave.

He was knighted in 1971 for services to charity. He leaves a son, Alan, aged 35, and a daughter, Vivien, aged 32.

At a private funeral service for Sir Charles yesterday, Rabbi Maurice Unterman said: "He was nothing short of a genius, one who succeeded in shaking-up the laisser-faire merchants out of their smugness and jolting them into realising what Britain's economic survival depends upon its industrious competitiveness."

Sir Charles pioneered the idea of gaining control of a company by going direct to the shareholders and offering to buy their shares at well above stock market values.

The idea, which sometimes meant by-passing well-entrenched boards of directors, has now become an accepted part of City life. But in the 1950s it was viewed with grave suspicion by the establishment. This attack on the establishment was symbolised in his bid for Watney Mann in 1959. The bid failed but the fact that he made it all all had a major impact on City thinking; the reverberations are still felt to-day.

Born in 1904 into a family which was passably well off—his father, a Russian emigre, had a flourishing City textile business—Charles Clore's story is not a traditional rags to riches epic. Already showing an aptitude for business in his early 20s, he had no difficulty raising money to buy Cricklewood skating rink which he transformed into a flourishing concern. Other pre-war successes included the purchase of the Prince of Wales Theatre, and by the early 1950s he had a record of shrewd business judgment and a substantial fortune which was the basis for the decisive move which was to put Charles Clore's name into the headlines.

The move came in 1956 when he made a bid for J. Sears and Co. (True-Form Boot Company). It confirmed his right to a place among the leading property men of the day since he had spotted the enormous potential which lay in the freeholds of the company's chain of footwear shops, and it also earned him the title of inventor of the takeover bid. Moreover, the subsequent progress of the company to become to-day's industrial conglomerate Sears Holdings proved that he could hold his place with industrialists and retailers as well as with property men and financiers.

It is this combination of attributes which made him stand out so clearly from the many others who were making fortunes at the same time in a single field. In today's climate, the Sears operation which Sir Charles masterminded in 1956 would be branded as asset stripping of the most obvious sort, but what he accomplished was the release of substantial sums of cash, while retaining a business which was to become the foundation of a very large and successful corporation.

To-day the takeover concept has been extended, made more sophisticated, and overworked to the extent that it is sometimes regarded abroad as a

Sir Charles Clore

peculiarly British phenomenon of business development. But in 1956 it was novel, and the mechanics almost laughably simple by today's standards. Suffice it to say that Charles Clore was successful with a bid of £2 a share for a company whose pre-bid share price was 14s. He immediately proceeded to sell the shop freeholds and lease them back at economic rents. This left the trading side of the business unaffected, but released £6m. in cash which, in turn, was used for further acquisitions, although some, like the proposed takeover of Watney, were thwarted by the business establishment.

In spite of his business acumen Sir Charles made some grand errors of judgment. His venture into the shipping world did not pay off, and even his property sense let him down when he agreed in 1960 to merge his property company City and Central with Jack Cotton's City Centre.

This deal gave rise to one of Clore's most famous remarks. Oliver Marriott, in his book "The Property Boom," describes how estate agent Douglas Tovey put Cotton's terms to Clore. Cotton had agreed to a straight one-for-one share swop valuing the shares in Clore's company at 70s a share. This was financially advantageous to Clore since City Centre shares had been much higher than his own. Tovey, however, pointed out the snag. Cotton insisted on being chairman at the merged group with Clore as his deputy. "Douglas," replied Clore, "for 70s a share I'll be the office boy."

Although City Centre, in its enlarged form, was then the world's biggest property company it never fulfilled early hopes, being bedevilled by personality and organisational problems. Sir Charles and his right-hand man throughout his business career, Leonard Sainer, did emerge to run the company after a struggle, but the sale of City Centre to Land Securities Investment Trust in 1968 closed a fairly unhappy chapter as well as marking the end of Sir Charles's big involvement in property.

More and more in his later years he concentrated on running Sears which today takes in department store retailing—including Selfridges—engineering, motor transport, and bookmaking (William Hill), as well as the shoe manufacturing and retailing side.

He continued to use the takeover as a means of expanding the group, but his later moves were based on industrial rather than financial logic.

Through most of his business life Sir Charles tended to keep relationships with Press and public at arm's length, relying on Leonard Sainer to put his and the company's point of view on most issues.

## Prize-winning apprentices

THE CONSTRUCTION Industry Training Board has announced the first winners of its new prize for advanced-standard apprentices—a one-month stay at a French training centre.

They are Vincent Mesure, 20, a plasterer of Battersea, who is employed by Thomas Wilson (Plastering) of Fulham Road, London, SW, and trained at Hammersmith and West London College; and Jack Manning, 20, a carpenter and joiner of Colchester, who is employed by J. Collie, Chapel Lane, West Bergholt, Colchester, Essex, and trained at the Colchester Institute.

## £50,000 for microchip work

THE SCIENCE Research Council has awarded a £50,000 grant to the University of Manchester Institute of Science and Technology for microchip research.

A team will investigate the design of new systems based on linked microcomputers.

# Mini price reduced

AUSTIN MORRIS attributes a cut in the price of the Mini to the abolition of the Price Commission.

The company has introduced a "budget" version of the Mini 850, called the Mini 850 City, at a price £123 lower than that of the old model.

Austin Morris said yesterday that the 5 per cent price cut had not been achieved at the expense of specification and that the new model had better trim than the previous one.

"We are taking advantage of strategic pricing opportunities which have returned with the abolition of the Price Commission. But this does not mean we will be increasing prices at the top end of the market. We can now manipulate margins and perhaps spread increases of a few pounds across the rest of the range."

Austin Morris said that for people buying new cars for the first time, the cut in price of the new Mini 850 City was substantial and the car would be a stepping-tone to the purchase of other Austin Morris cars.

The recommended retail price of the Mini 850 City is £2,388.

## Security checks at Windscale

PLANT SAFETY at Windscale and the security of its arrangements for protecting nuclear materials such as plutonium are to be independently investigated, the Government announced yesterday.

Sir John Nightingale, formerley chief constable of Essex, will review security of plutonium metal associated with nuclear weapons, plutonium nitrate solution and plutonium fuels, at Windscale and in transit, and make recommendations. His report will not be published.

The Health and Safety Executive has appointed Mr. F. Charlesworth, a senior nuclear inspector of the Nuclear Installations Inspectorate, to review plant safety "because of the number of incidents with safety implications."

## Midlands CBI chief gives pay rise warning

By Arthur Smith

A WARNING that excessive wage increases this winter would lead to cuts in output and more unemployment came yesterday from Mr. Leslie Teeman, chairman of the East Midlands region of the Confederation of British Industry.

Companies in the region were concerned about pressure for higher wages, when productivity was lower than that of competitors in Europe and Japan.

Mr. Teeman said trade unions geared pay demands to the rate of inflation but the country could afford no more than single-figure wage increases.

Companies were encouraged by the change of direction in economic policy initiated by the Conservative Government.

But in the short-term business confidence was very low.

The strong pound made it very difficult to meet competition in markets such as the U.S. and the Middle East.

# Scottish jobless will go up 50%

BY RAY PERMAN, SCOTTISH CORRESPONDENT

UNEMPLOYMENT IN Scotland will increase by over 50 per cent in the next five years and the continued exodus of Scots to more prosperous parts of the UK will be the only factor to prevent it from going higher, says the Fraser of Allander Institute.

The Institute expects registered unemployment to rise to 255,000 by 1984 from its average so far this year of 168,000. The total unemployed, including those who are available for work but not on the register may be as high as 358,000.

The figures appear in an article in the Institute's quarterly economic commentary by Dr. David Bell and Dr. Frank Kirwan.

They say that while the labour supply will increase (in spite of net migration of about 17,500 a year) the demand will fall, particularly from manufacturing industry although output from Scottish companies is likely to be static.

Male workers will be hit hardest they say. The number of men employed in manufacturing will fall from 405,000 to 372,000, while the Government's spending cuts will contribute to a drop in service employment from 524,000 to 494,000.

Jobs for women are likely to be more secure, the authors believe, and opportunities for women in service industry may increase slightly.

Dr. Bell said yesterday that the study was based on fairly optimistic assumption about the level of output from Scotland and the annual emigration rate.

The most difficult problem lay not in projecting the labour market, but in deciding what ought to be done to avoid the consequences. It was clear that there were no easy solutions which a UK Government could implement.

Work sharing was an attractive answer, but it would have to be accompanied by a cut in wages to avoid increasing unit costs and making exports uncompetitive. "It is probably that such is the inertia of UK economic policy making, that unemployment would have to rise to very high levels before such a radical solution would be contemplated. Unemployment in Scotland may well have to exceed that projected in this article before decisive action is taken to remedy it."

*Fraser of Allander Economic Commentary. July 1979. £1. 100 Montrose Street, Glasgow.*

## Consultant urges tax planning reappraisal

BY ERIC SHORT

A FUNDAMENTAL reappraisal of tax planning was needed now the Conservatives were in power, said Mr. Geoffrey Newman, a leading tax consultant, yesterday. He was speaking at a London conference organised by Trident Life Assurance to consider the effects of the Budget proposals on life assurance brokers and their clients.

Mr. Newman felt the day of marketing blanket tax avoidance schemes was over and that there would be major changes in tax deduction and relief. It was possible that life assurance tax relief could be abolished, but there would still be a need for tax planning. People would soon get used to a tax rate of 75 per cent and feel that it was too high.

The theme was taken up by Mr. Christopher Gilchrist, author and journalist, who said the era of "taxflation," which provided enormous incentives for tax avoidance schemes, was ending. In the past, life assurance products had been designed with tax mitigation in mind. Now the emphasis would be increasingly switched to the investment merits of savings and investment contracts.

Mr. Malcolm Hall, a leading life assurance broker, advised brokers to return to old established principles and concentrate more on investment returns and protection from life assurance.

ENERGY REVIEW: NUCLEAR

BY DAVID FISHLOCK

# Environmentalists' target

BRITISH Nuclear Fuels (BNFL) has over the past four years become a focus of attention for those opposed to nuclear power. It is an organisation with ambitious plans for expansion and technologies and services unquestionably in worldwide demand. The Windscale public inquiry in 1977 arose from its plans to build a £600m reprocessing plant for spent nuclear fuel from abroad, mostly from Japan, in a big expansion of an export activity it had already been conducting in a small way for a decade.

The Windscale inquiry and Parliament's approval last year of its finding cleared the way for a major tranche of new investment. But opposition to nuclear power continues. The Ecology Party, for example, has announced that it is "preparing to fight any plan for radio-active waste disposal." It called for an immediate halt to the import of Japanese spent fuel and the closure of all British nuclear power stations.

Earlier this week BNFL published its annual report. It claims that the year following Parliament's approval of the Windscale project was one of considerable achievement. It portrays a company in which the private sector might well be interested in buying shares, should the Government be willing to make them available.

The BNFL group made a pretax profit last year of £13.7m—up from £5.4m—on sales of £237.2m. This was a 13 per cent return on capital employed, said Sir John Hill, its chairman, in his annual review. But expressed as a percentage return on the shareholders' interest, the figure is 21.8 per cent, compared with 9.3 per cent last year.

The shareholder is the UK Atomic Energy Authority, the state-owned nuclear research and development agency of which it is a wholly-owned subsidiary. The authority will receive a dividend of 6¾ per cent. Moreover, the outlook is one of steadily expanding sales and profits in the 1980s, says Mr. Con Allday, the BNFL group's chief executive.

Ironically, the profit earner of the group at present is its least-publicised factory, at Springfields near Preston. Here BNFL makes nuclear fuel, the high-precision engineering assemblies which form an integral part of a nuclear reactor. Fuel supplied last year had the energy equivalent of about 14m tonnes of oil (8m tonnes of coal). The Central Electricity Generating Board, according to figures released yesterday, last year used this fuel to produce 11.14 per cent of its electricity, at a cost of 1.02p per kilowatt-hour (compared with 1.29p per kWh from coal; and 1.31p per kWh from oil).

At Springfields I was once led to the window by the general manager who pointed across the fields and said: "When we get cocky about our fuel costs we look over there." There stood a windmill. The factory's manufacturing technology attracts considerable interest abroad. Earlier this year, for instance, it licensed a new process for making uranium dioxide, the basis of most nuclear fuel, to Westinghouse Electric in the U.S.

As for uranium, its principal raw material, Springfields can be pretty confident of supplies, on the basis of the first comprehensive study by the Uranium Institute of uranium supply and demand. This study, just released, concludes that it is well within the technical capability of the suppliers of the non-Communist world to meet the estimated demand of 78,000 tonnes a year by 1990. By then, Springfields itself expects to be turning uranium into fuel assemblies at the rate of about 5,000 tonnes a year (compared with about 2,000 tonnes at present) to supply the domestic market, rising to 10,000 tonnes a year by the end of the century.

Springfields is only a modest part of the corporate investment plan—"tens of millions," Mr. Allday says, of a ten-year plan that totals £2.8bn. Group investment last year was £59m; less than the £100m or so planned, because work progressed more slowly. Capital projects totalling £299m have been approved. Mr. Allday expects capital investment to increase at about 50 per cent a year until well into the 1980s—just as fast as the group can recruit engineers and keep the big projects moving.

The big projects are mostly at the Windscale factory in Cumbria, where a chemical complex built in the 1940s is now being virtually rebuilt to serve BNFL into the next century. The biggest development at present is reconstruction of the plant that reprocesses Magnox (natural uranium) fuel mostly for Britain's first-generation nuclear stations. This includes, for example, £80m on pollution control equipment—"the cost of a couple of big hospitals," Mr. Allday says—to reduce radio-active discharges to the Irish Sea from levels at which there is no evidence of anyone being harmed.

The investment, expected to total several hundred million pounds, in Magnox fuel reprocessing was already beginning to pay off—at least, until last week—in significantly higher throughputs since last autumn. The plant has been averaging about 30 tonnes a week, not far short of its full capability. But a fuel element caught fire when being stripped of its cladding early last week. Reprocessing continued while there was fuel in process. But no more fuel has been fed in, and the plant has been shut down this week while the management investigates the cause of the fire, and the unions decide whether any new risk to their operators has arisen.

Commenting briefly in his annual review on two earlier and well-publicised incidents at Windscale, Sir John Hill says the one involving accumulation of excess hydrogen in a storage silo for spent-fuel cladding (magnesium alloy) was "controlled without harm to BNFL personnel or the public, but involved a temporary suspension of operations." The second was the detection last year of a leakage of radio-active liquor into the ground. "This is a matter we do not take lightly, but again it has not resulted in any harm to BNFL personnel or to the public, or damage to plant and equipment."

Public attack on the group's reprocessing activities in recent months has refocused on the incomings and prospective outgoings of Windscale. The electricity supply industry has been embarrassed by the mounting campaign against its practice of moving spent fuel by rail from its stations to Windscale. It often passes through urban areas—for instance through north London without incident since the 1960s.

The other target is the Department of the Environment's drillings to ascertain whether, in the next century, Britain may be able to store radio-active waste safely underground. In spite of advice from Lord Flowers that the possibility should be explored, the Government may be obliged by local objections to abandon this research work, and to tell BNFL to prepare for keeping the highly radio-active waste, locked in glass, on its own sites. (The French are already doing so at one of their reprocessing sites, in a wine-growing region of the Rhone Valley.)

BNFL also has two more advanced reprocessing projects under way. One is THORP, the thermal oxide reprocessing plant, subject of the Windscale inquiry, where the first phase-construction of immense ponds for safely storing incoming spent fuel is well under way. The other is a special plant it is just commissioning for the Ministry of Defence at Chapelcross in Ayreshire, to make tritium for nuclear weapons. Mr. Allday proudly acknowledges the skill his engineers have shown in designing and building this very high-technology separation plant to the Ministry's specification, to make Britain independent of tritium imports.

The tritium plant illustrates one of the difficulties the Government would face if it were to sell off part of the group. The group was formed in 1971 from activities originally begun to make "special nuclear materials" for weapons. It still has important roles for the Ministry of Defence, such as periodically refining the plutonium explosive in Britain's nuclear arsenal. In fact, one of the main planks in the case against expanding Windscale was that its activities could assist other nations—or even terrorists—to make nuclear weapons.

The findings of the Windscale inquiry rejected this argument. It will be rejected again early next year when the reports, now being collated, of President Carter's International Nuclear Fuel Cycle Evaluation—in which over 50 nations have participated—are made public. The study of reprocessing concludes that there is no particular proliferation risk in reprocessing spent nuclear fuel, while the idea of recycling of its plutonium by-product in today's reactors offers considerable savings—30-40 per cent—in the amount of fresh uranium needed. It also rejects any idea that reprocessing companies should wait for a more "proliferation-resistant" reprocessing technique than the one BNFL plans to put into THORP in the 1980s.

Mr. Con Allday

Where does this leave BNFL as a prospect for private purchase of up to 49 per cent of its shares? First, there is no doubt that Mr. Allday would like to see his company more cleanly separated from the UK Atomic Energy Authority than is possible as a wholly-owned subsidiary. But there is little doubt, too, that the Ministry of Defence would at least wish to place some strict conditions upon any sale of its shares.

In 1971 the Government saw Rolls-Royce, RTZ and perhaps Shell UK as the potential private-sector shareholders. With the scale of investment the group is envisaging, one valuable thing shareholders will have to bring in is equity, perhaps to support loans which the group believes may need to increase from £100m or so today to £250m-£300m. At present its borrowings are facilitated by copper-bottom government guarantees.

But Mr. Allday is convinced that, in a world still uncertain about nuclear energy and its dangers, its most valuable shareholders could be its own 13,000 employees. Can a way be found of offering employees shares in a company he expects to grow rapidly in earnings and profits in the 1980s on terms that would prevent their resale except to the company? If it could, he believes it could do much to offset that damage done when a former energy minister said Windscale employees should have special payment—now 5p an hour—for the "hostility" with which the public regarded their work.

### GROWTH OF WORLD URANIUM PRODUCTION

(1,000 tonnes p.a.)

| | 1978 | 1979 | 1980 | 1982 | 1985 | 1990 |
|---|---|---|---|---|---|---|
| Australia | 0.48 | 0.5 | 0.5 | 1.4/3.9 | 11.3/13.6 | 13.6/16.5 |
| Brazil | — | — | 0.2 | 0.4/0.6 | 0.5/1.0 | 1.0/2.0 |
| Canada | 6.6 | 7.0 | 7.3/7.6 | 8.9/9.7 | 9.2/12.5 | 12.0/15.0 |
| C.A.E. | — | — | — | — | 0/0.5 | 0/1.0 |
| France | 2.27 | 2.6 | 2.6/3.0 | 2.6/3.3 | 3.0/3.5 | 3.5/4.3 |
| Gabon | 1.0 | 1.0 | 1.0 | 1.1/1.2 | 1.2/1.5 | 1.4/1.5 |
| Mexico | — | 0.1 | 0.2 | 0.4/0.6 | 0.6/1.0 | 0.8/2.0 |
| Niger | 2.2 | 3.3 | 3.3/4.0 | 4.3/5.3 | 6.0/7.5 | 8.0/11.0 |
| South Africa and Namibia | 7.2 | 9.5 | 10.8/11.5 | 11.6/12.5 | 11.5/12.5 | 12.0/16.0 |
| Spain | 0.2 | 0.4 | 0.4/0.8 | 0.6/1.0 | 0.8/1.2 | 0.8/1.2 |
| U.S.A. | 14.4 | 16.3 | 17.5/19.0 | 19.0/22.0 | 18.0/22.0 | 24.0/35.0 |
| Other countries* | 0.6 | 0.8 | 0.8/1.2 | 1.0/1.5 | 1.5/2.0 | 1.5/2.0 |
| Totals: | | | | | | |
| (annual) | 34.9 | 41 | 44/49 | 51/62 | 64/79 | 78/108 |
| (cumulative) | 35 | 76 | 120/125 | 219/242 | 395/460 | 760/940 |

Excludes figures from China, Soviet Union and allies whose data are not available.

The first of paired figures is the Institute's estimate of realistic production capability. The second indicates the effective maximum production capability that could be achieved under favourable conditions, based on currently known resources.

Countries listed are those which may be expected to achieve a maximum production capacity of at least 1,000 tonnes p.a. by 1990.

* Argentina, West Germany, India, Italy, Japan, Mexico, Philippines, Portugal, Sweden, Turkey, Yugoslavia.

*Source: The Uranium Institute*

## Lords dismiss appeal against ship blacking

AN APPEAL by the shipowners NWL aimed at preventing union blacking of their 123,000-ton bulk-carrier Nawala was dismissed by the House of Lords yesterday.

NWL, a Hongkong corporation, had sought temporary court orders against three officials of the International Transport-workers' Federation to stop their taking action against the ship.

After hearing argument in support of NWL's case Lord Diplock, sitting with Lord Fraser of Tullybelton and Lord Scarman, said they were all of the opinion that the appeal should be dismissed. They will give their reasons later.

The Nawala is registered in Hong Kong and flies the British flag. Her crew of 32 are all except one from Hong Kong.

In June she sailed from Redcar, Cleveland, after dockers and tugmen refused an ITF instruction to black her.

She was later blacked for more than a fortnight after her arrival at Narvik, Norway. The Lords were told that unions planned to black here at her next port of call in Holland.

The owners said she was due to return to Redcar in the autumn, and sought orders against three ITF officials, Mr. James Woods, Mr. John Nelson and Mr. Brian Laughton, to prevent further blacking.

Last month a High Court judge granted the owners an injunction against Mr. Woods, the ITF's Redcar representative. This was lifted by the Appeal Court two days later.

On July 3 the Court of Appeal upheld the judge's refusal to grant injunctions against Mr. Nelson and Mr. Laughton.

After yesterday's hearing Mr. Harold Lewis, general secretary of the ITF, said he was "absolutely delighted" with the decision.

"We have always believed that we were acting lawfully and now we have been vindicated in that belief.

"Wages, conditions of employment and trade union organisation have always been central to our campaign against flags of convenience, and we shall continue to prosecute that campaign with all our vigour."

## Radio Guernsey plan approved

PROPOSALS FOR non-commercial radio services financed and run by the BBC were approved by Guernsey's Parliament yesterday.

Similar proposals were approved by Jersey's Parliament several weeks ago.

Broadcasting frequencies allocated to each island by the Home Office will be controlled by the Jersey and Guernsey Governments with the BBC operating services under contract until November, 1988.

Radio Channel Islands, as it would be called, would incorporate stations in each of the two islands, broadcasting separate services for at least four hours a day as Radio Jersey and Radio Guernsey.

# House prices 'rising less quickly'

BY MICHAEL CASSELL

THE BOOM in house prices is beginning to tail off, according to the Leicester Building Society.

Mr. Basil Eckhard, chief executive of the Leicester, Britain's eighth largest society, said yesterday that there were early signs that price rises were slowing.

He concluded that "a sense of realism" was returning to the housing market and that it seemed likely that average price rises this year would be about 20 per cent, compared with the estimated 30 per cent in the 12 months to June.

In the first half of this year, prices generally continued to rise near the rate recorded throughout most of last year. Most building societies had predicted a slow-down in the rate of price increases but in the event they continued to move ahead at near record rates.

Recently, some main building societies have reported that after average price rises about 5-7 per cent in the first quarter, the trend accelerated between April and June. Prices were calculated to have risen in the second quarter by about 8 per cent.

Most societies expect house price increases broadly to parallel the growth in average earnings, as the relationship between the two has been restored after the sharp price increases over the past 18 months.

Mr. Eckhard added: "The relationship of incomes to house prices appears to be coming back into balance, as it is clear that many people are now borrowing to the limit of their ability."

The big leap in house prices has occurred in spite of the reduction in building-society lending, although the higher rates of interest introduced next week are expected to raise inflow and help societies at least to maintain current advance programmes until the end of the year.

Societies are expected to lend about £8bn, against £6.74bn in the previous year, although the number of actual loans should fall to about 680,000 from last year's peak of 802,000.

*Figures from the Leicester show that home loans totalling £59.6m were completed in the second quarter of this year, a rise of £1.8m on the preceding quarter. In spite of the rise in prices, the number of loans involved fell only marginally, to slightly more than 7,000.*

# Call for national heat and power scheme

BY JOHN LLOYD

A CALL for a national heat board to develop combined heat and power schemes was made yesterday in a report to the Government.

Combined heat and power—a system by which heat wasted in power generation is piped as hot water to homes and factories—could eventually provide 30 per cent of the UK's space heat and hot water needs and save the equivalent of 30m tonnes of coal a year, says the report.

It recommends that one or more pioneer schemes should be set up as soon as possible, if necessary with government aid.

Mr. Glyn England, chairman of the Central Electricity Generating Board, said yesterday that a large scheme would be "outside the competence" of the board. "We see ourselves, in electricity, very much as producers and wholesalers, leaving the distribution of heat to others."

The report was completed over five years by the Combined Heat and Power Group, chaired by Dr. Walter Marshall, deputy chairman of the UK Atomic Energy Authority.

Long term studies by the group show that after 2000 the capital costs of providing 30 per cent of space heating and hot water needs by combined heat and power methods would be £17bn when using coal fired plant, and £20bn when using nuclear plant.

This compares with £20bn for coal and £29bn for nuclear power when used for direct on-peak electrical heating, and £16bn using substitute natural gas derived from coal.

The report stresses that future savings depend on the development of district heating networks in the immediate future.

"We are not under any illusions that the implementation of combined heat and power in the short term will be easy.

While the majority on the 20-man committee recommended a national heat board, three members felt that the electricity supply industry would be a more suitable organisation to carry out the schemes.

● About 14 per cent of electricity used by industry and public administration is self-produced, according to a further report issued by the Department of Energy yesterday.

The industries with most private generating plant were chemicals, oil refineries, iron and steel and paper and printing.

*Combined heat and electrical power generation in the UK; Energy Paper No. 35, HMSO, £3.75; Inquiry into private generation of Electricity in Great Britain, 1977: Department of Energy, Economics and Statistics Division, free.*

● NEWS ANALYSIS—THE POST OFFICE

# Productivity and profits in focus

BY JOHN LLOYD

THE POST OFFICE produced its report and accounts for the past financial year earlier this week at the same time as engaging with the Union of Post Office Workers in delicate talks on increasing productivity.

The record profit level—£375m—will no doubt add fuel to the flames fanned by three years of strictly observed pay controls. The union's rank and file are in no mood to give anything for nothing.

The report makes clear the nature of the problem. Postal traffic is up by around 5 per cent, while postal staff has risen by 2.3 per cent (from 168,287 in 1978 to 172,122 in 1979). In telecommunications growth has been above 10 per cent, but *staff has still only risen by 2.2 per cent (from 228,366 last year to 233,447 this year).*

The increase in productivity, *then,* has been more than twice as high in the telephone service as in the mails. This performance, if maintained, will continue to affect adversely the mails' real price relationship with telecommunications. Posts are now heavily dependent on price rises for their income growth — nearly half of their £122.3m increase came from price rises. But telecommunications income grows wholly on demand.

The other major — linked — problem in posts is quality of service. First-class delivery sunk last year to its lowest level since the Post Office became a corporation — only 88.7 per cent was delivered the next working day. Some 88.9 per cent of second-class letters achieved the target of arriving on or before the third working day (that figure has been lower in previous years).

*Sir William Barlow, the corporation's chairman,* said the figures were getting better now, and much of the fuss about them had been overdone. Productivity and quality of service must improve, though, if he is to gain a position of strength in dealings with Government, which has asked him to review the postal monopoly. Productivity has been the sore spot which Sir Keith Joseph, the Industry Secretary, has jabbed again and again.

Sir Keith's *Damoclean sword* may concentrate minds on the corporation's management and labour sides in the rest of the year: it may—as the Post Office management hopes—convince the Union of Post Office Workers that higher real pay will only be possible in the longer term if productivity is linked to earnings. But the management may have a difficult task convincing the union that increased productivity will not, sooner or later, mean redundancies.

Many on the management side believe that the stumbling block in the previous productivity package—accepted earlier this year by the union's leadership, but thrown out by a special conference—was a commitment by the union leaders to accept casual or temporary labour. That carries too many implications of de-skilling, loss of overtime and possibly even replacement of full timers for the reassurance which were made on these fears to be effective.

This issue may be dropped or toned down in the present talks, so that the union can be persuaded to accept other measures such as work measurement, re-routing of mail from one sorting office to another, and proper manning levels.

Sir William made clear this *week that he was prepared to* pay real money for real measures. He accepts that there must be real improvements, if the mail service is not to spiral into a decline from which, in the all-electronic eighties, it would be unlikely to recover.

# Welsh fears over cuts in aid

THE REDUCTION of regional development grants will make *the task of attracting industry* to mid-Wales much more difficult says Mr. Emrys Roberts, chairman of the *Development Board for Rural* Wales.

There is the fear that although the powers of the Board are unaffected by alterations in the regional aid programmes — because they are laid down by an Act of Parliament — financial incentives will be insufficient to attract companies to the area.

The Board has already made representations to the Government and has urged local authorities in the area to make their own submissions.

It will, however, continue building advance factories and running its New Enterprise programme which helps people start up or expand small businesses.

Mr. Roberts said "attracting industry from outside is not the whole of the Board's work. The expansion of existing businesses in mid-Wales and the encouragement of new enterprises becomes more and more important."

In the two years of its existence the Board has managed to halt the long term decline in the population. *It* has let 71 factories and within *the last three months allocated* 34 to companies.

# London's fire cover defended

INTERIM FIRE cover arrangements in Greater London, which were introduced in April when the firemen's working week was reduced from 48 hours to 42, *are working satisfactorily* and the high standard of the service has been maintained.

This re-assurance has been given by Mr. Tom Ham, chairman of the GLC's fire brigade committee after criticism that arrangements gambled with the lives of Londoners.

CONTRACTS

# £12m boiler order from BSC

The international combustion division of **NORTHERN ENGINEERING INDUSTRIES** has won a £12m order for high pressure reheat boilers from the British Steel Corporation.

*The boilers have been ordered* for BSC's Port Talbot plant in South Wales.

They will have the ability to fire on a range of fuels, including those which are the by-product of the steel-making process.

**RACAL ANTENNAS** is supplying lightweight telescopic masts (extending from 1½ to 8 metres) and groundspike antennas, worth £1.25m, to *the Ministry of Defence* (Procurement Executive). *The units come from the Clansman family of military communications equipment.*

★

The National Coal Board has placed a £1.1m order with **PLESSEY COMMUNICATION SYSTEMS** for an electronics communications system for its latest coalfield at Selby in North Yorkshire. The system will be based on the company's private digital exchange and the 731 *Mark II mining telephone.*

★

**MASSON SCOTT THRISSELL ENGINEERING**, a member of *the Molins Group,* has won contracts worth nearly £900,000 *from* the Soviet Union. The orders—for replacement rotary cutting equipment used in gravure printing presses—were placed by Pronmash import. The equipment is for installation in MST machines used in the manufacture of detergent cartons and cigarette packets at several plants in the USSR.

★

**MODERN BUILDING SERVICES (BRISTOL)** has started work on the construction of a new headquarters for Glostal at *the Ashchurch industrial estate* at junction 9 of the M5 motorway. The £860,000 contract includes a new factory with a production area of 49,000 sq ft and a two-storey administration and services building of 9,000 sq ft.

★

**HUMPHREYS AND GLASGOW SERVICES** has been awarded a contract worth £770,000 by the North Tyneside Metropolitan Borough Council for the erection of a sheltered housing block with flats, houses, bungalows and wardens house at Forest Hall, Newcastle-upon-Tyne. The work is scheduled for completition by *September 1980.*

★

The Leatherhead Food R.A. have awarded a £700,000 contract to ***WILLIAMS CONSTRUCTION,*** a part of the Wilky Group, for *an additional laboratory block of* 27,000 sq ft. Construction of *the new block is scheduled to* commence before the end of July and be completed by April 5, 1980.

★

**LABGEAR**, a member of the Pye Group, has won a contract worth more than £150,000 from the Post Office. The order comprises the manufacture of a telephone line tester, designated TRT 302.

★

HTV has placed an order valued at £350,000 with **SONY BROADCAST** for VTR equipment. The contract covers nine *complete* video recording channels each comprising a *BVH-1100 1-inch* videocorder and associated equipment including a BVT-2000 digital time-base corrector. Seven of the channels are for use in the studios of HTV, four in Bristol and three in Cardiff, and two are for use *in a two camera outside broadcast unit.*

★

**TILBURY CONSTRUCTION,** *Newton Abbot, is building a* 5,000 sq ft factory at St. Columb *Major, Devon, for the Department of Industry.* The contract is worth £101,000.

★

***DUNDEE FABRICS,*** *a Courtaulds weaving division, has ordered a CMT Reality Royale* business information system worth £68,680 for installation this year. The four terminal system will control all aspects of the firm's accounting and production including applications such as dye recipe control.

★

**LIGHTNIN MIXERS** has been awarded a contract worth around £120,000 by Thames Board Mills *for the supply of over 20 units* from the VS range of side entering agitators for the No. 2 machine at its Workington Mill.

# UK NEWS—PARLIAMENT and POLITICS LABOUR

Owen attacks 'miserable' BNOC statement

## Labour to resist oil plans

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

GOVERNMENT legislation to reduce the role of the British National Oil Corporation will be strongly opposed by Labour MPs in the Commons, Dr. David Owen, the Opposition energy spokesman, warned yesterday.

He was commenting on a statement to the House by Mr. David Howell, the Energy Secretary, announcing Government proposals to curb BNOC's powers. Legislation to implement some of the changes will be introduced in October after the summer recess.

Mr. Howell says the proposals represent a major step to encourage the independent oil companies to boost their exploration and investment in the North Sea.

There was an angry response from the Labour benches when he claimed that BNOC had been overloaded with a variety of responsibilities and had become "a drag on North Sea development."

Mr. Howell maintained that his proposals were far more effective than relying on a "large over-extended state corporation." He agreed, however, that BNOC would still have a useful part to play in a more limited role.

His statement was the latest in a long series of Government announcements on public sector policy and state spending which had been made to the House over the past 10 days.

Once more there were bitter protests, with Labour MPs denouncing the Government's plans as yet another pay-off to those who had contributed to Tory party funds during the general election.

But Mr. Howell told the House, "I believe that this will make a major contribution to restoring a high level of exploration activity on the UK's continental shelf after the recent very serious slowdown. The moves will encourage companies to explore more widely and invest more confidently in development."

In particular there must be encouragement for higher investment in drilling on already licensed territory and in deeper waters on the continental shelf.

The Government believed that BNOC's offshore asssets and interests should be more widely owned and that this could be achieved through the disposal of assets or by the introduction of private capital.

A further announcement on this aspect would be made by the Government in due course.

Meanwhile, it had been decided to end the corporation's preferential position in future licensing rounds and that its present "over-extended" exploration commitments should be reduced.

There were Labour protests when Mr. Howell declared: "The corporation has too many licence obligations and commitments along with a number of privileges *vis-a-vis* other oil companies.

"These features are themselves a source of instability and lack of confidence that has come to characterise the offshore oil exploration scene and which it is essential for us to change."

It had also been decided to end BNOC's special access to Government finance through the National Oil Account and to remove the corporation's statutory role as adviser to the Government.

From the Opposition front bench, Dr. Owen described it as a "miserable statement," particularly coming from a party that took every opportunity to bedeck itself in the Union Jack.

Oil was a vital national strategic resource and oil policy could not just be based on consideration of the public-sector borrowing requirement.

Far from reassuring the industry and creating stability, the disposal of assets and introduction of private capital raised far more questions than it answered.

Dr. Owen wanted to know the size and value of the assets to be disposed of and to whom they would be sold. He demanded an assurance that no foreign person or government should be allowed to acquire a major holding.

Before any decision was taken on raising public capital or disposing of BP shares, there should be a full debate in the House.

Dr. Owen maintained that to strengthen the bureaucracy of the Energy Department at the expense of BNOC was hardly guaranteed to improve British control over North Sea oil.

It was essential that the corporation's knowledge and expertise in exploration and development should be available to the Government.

Dr. Owen protested that Mr. Howell's remarks were a grave reflection on BNOC. But the Secretary of State retorted that he had merely meant that narrow State ownership was not often in the interests of the British people.

Mr. Howell asserted that the Government's proposals should end a very uncertain period. They would enable the oil companies and BNOC to get on with their jobs and stop getting in each other's hair.

He had nothing further to say at present on the proposed changes in BNOC's capital structure.

Mr. Howell side-stepped Dr. Owen's question about the danger of foreign interests gaining a large interest in the North Sea—he merely said that the new policy should encourage more British investment there.

Conservative backbenchers gave strong support to the Government's announcement. But Mr. Gordon Wilson (SNP Dundee E.) protested that it would result in more centralised control of North Sea oil from London. This was a "damnable situation."

Mr. William Hamilton (Lab. Fife C) alleged that the Government was transferring loot from the public purse to private shareholders and speculators. He wanted to know who would be the new BNOC chairman if the Government "got rid of" Lord Kearton.

Mr. Howell said there was no question of getting rid of Lord Kearton. The chairman would be named in due course.

## Oil output threatened by catering strike

*By Our Own Correspondent*

A STRIKE by offshore catering workers due to start at midnight last night, could hit Britain's North Sea oil production.

A union official said yesterday that the stoppage would spread today and British Petroleum has already decided to evacuate over 200 construction workers from two accommodation rigs in the Forties field.

An oil industry expert said last night "Installations with big staffs will be hit first . . . make-do-and-mend efforts that individual companies can put together will determine how long they can continue. If the strike lasts any length of time it will affect production."

Men have already decided to stop work on production platforms Ninian Central, Ninian Southern, Thistle A and Brent B: rigs Norjarl, Belford, Dolphin, Chris Chenery, Vildkat, Gulnari, and the tanker loading buoy Brent Spar.

Last night Mr. Bill Reid, Aberdeen area secretary of the Transport and General Workers Union, said: "There are still some men who have not had meetings yet, but I would imagine they will be much the same. The men are voting with their feet."

Eventually, 800 men employed by the North Sea's four largest catering companies could be involved. The transport union and the National Union of Seamen plan to set up picket lines at Aberdeen Airport to prevent relief crews flying out today, the normal catering crew change-over day.

The unions have claimed £600 for two weeks offshore and two weeks onshore for the lowest grade catering steward. The employers this week offered £440.

Last night Mr. Peter Nielsen, personnel director of ARA Food Services, speaking for the four catering companies, said: "We have given our final offer and it is now up to the employees to decide whether to accept it." He added there were indications that some men would accept the offer.

Shell, to which Brent B and Brent Spar belong, said: "We have been advised by our catering contractor of the possibility of industrial action on certain of our installations, and we are monitoring the situation."

British National Oil Corporation, which faces action on Thistle A, said the corporation had had no communication from the unions.

## ACAS fears threat to its union recognition work

BY ALAN PIKE, LABOUR CORRESPONDENT

THE ADVISORY, Conciliation and Arbitration Service council has told Mr. James Prior, Employment Secretary, that it "cannot satisfactorily operate the statutory recognition procedures as they stand."

In a letter to Mr. Prior, Mr. Jim Mortimer, chairman of ACAS, complains that some duties imposed on the service by the Employment Protection Act provisions for recognising unions are "not necessarily compatible with its duty to promote the improvement of industrial relations."

The council said in its last annual report that the statutory recognition arrangements did not sit easily with its essentially voluntary role in conciliation. In his letter, Mr. Mortimer says that the council's uneasiness has deepened since publication of the report.

Much of the anxiety expressed in Mr. Mortimer's letter concerns judicial decisions over ACAS recognition work that has been challenged in the courts.

In seeking ot promote agreed settlements of recognition issues, Mr. Mortimer says, ACAS has acted in the belief that it was invested by Parliament with considerable discretion as to how it conducted its affairs.

A body such as the ACAS council required that discretion in order to function properly. To reconcile the conflicting approaches of the two sides of industry, it had to find means towards compromises.

"This essential discretion is now seen, as a result of judicial decisions, to be much narrower than the service originally understood was Parliament's intention.

"The council has become increasingly conscious of the growing incompatibility between some of its statutory duties and the actions it would have preferred to take on the grounds of good industrial relations practice."

Moreover, Mr. Mortimer adds, the continued operation of the council (which is composed of representatives of both sides of industry and of academics) has been brought into question as a result of judicial comment on the role of council members, requiring it to adopt a much more constrained legal procedure.

The letter reviews some recognition cases that have gone before the courts.

The Grunwick case, Mr. Mortimer says, established that the service had a mandatory duty to ascertain the opinions of workers. The statute provided no discretion and, when an employer or union refused to co-operate, ACAS was left with a duty that it could not perform.

In some cases that had prevented ACAS from completing recognition reports.

In the case of the United Kingdom Association of Professional Engineers at APE-Allen, Bedford, the Court of Appeal had said that the service was obliged to make findings on a "whole series of matters which it may consider irrelevant or unnecessary and in some cases harmful to industrial relations."

On the other hand, the Act gave ACAS no guidance as to the criteria to be adopted in determining a bargaining group or the level of support that it should consider appropriate in deciding a recognition issue.

As time passed without criteria, the risk increased that the council might appear to make conflicting decisions on similar facts, possibly leading to the impression that ACAS was partisan. That would damage the impartial traditions of its other work.

"The council accepts that the exercise of any discretion invested in ACAS by Parliament can be subjected to scrutiny by the courts, but such legal decisions are now having a serious effect on the way in which the service carries out its duties."

## Police expenses proposal

THERE IS a good case for reviewing circumstances under which chief police officers can charge for "special police services." Mr. Leon Brittan, Home Office Minister, told the Commons yesterday.

Mr. Hal Miller (C. Bromsgrove and Redditch) suggested organisers of marches and demonstrations should be charged for the police presence. The charge would be "for police services provided, and recompense for policemen injured in the execution of their duty."

Mr. Brittan said he was "extremely sympathetic" to Mr. Miller's suggestion but, at present, police could charge only for what were described as "special police services." Police presence at marches and demonstrations was regarded as a normal duty in preserving law and order.

### Pope welcome

THE POPE will be very welcome if he wishes to visit Ulster, Mrs. Thatcher told Irish Catholic MP Mr. Gerry Fitt yesterday. She assured him that any necessary security arrangements would be made for a Papal visit to the province.

### Windscale review

AN INDEPENDENT review of security arrangements at British Nuclear Fuels Ltd's plant at Windscale, Cumbria, is to be carried out by Sir John Nightingale, former Chief Constable of Essex, David Howell, Energy Secretary, said yesterday. The Health and Safety Executive is also to evaluate safety arrangements at Windscale.

### Post Office threat

THE POST Office's plans to raise phone charges next year—despite near record profits—drew a clear hint from Mrs. Thatcher in the Commons yesterday that the Government was ready to end the Post Office monopoly. In question time, she said it was hard to justify the rise when the Post Office made a profit of £375m last year.

### Klan ban

KNOWN KU KLUX KLAN members who try to visit Britain will be refused entry, Home Office Minister Timothy Raison told the Commons yesterday.

## Tories curtail Civil Service dispersal policy

BY IVOR OWEN

AREAS OF high unemployment, including Scotland, North East England and Merseyside, will be hardest hit by the Government's decision to cut the programme for dispersing civil service jobs, Labour MPs protested in the Commons yesterday.

Mr. Ian Wrigglesworth (Lab. Thornaby), speaking from the Opposition front bench, claimed that the regions would be deprived of 20,000 jobs promised under the proposals approved by the former Labour Government.

Defending the modified dispersal programme, Mr. Paul Channon, Civil Service Minister, stressed that it would produce a saving in planned public expenditure of well over £200m up to 1983-84.

He found unexpected allies on the Opposition benches including Mr. Robert Mellish, MP for Bermondsey and the former Labour Chief Whip, who emphasised the need to keep jobs in the London area.

There had been a serious deterioration in London employment, he said, since Sir Henry Hardman first reported in 1973 on the prospects for dispersing Civil Service jobs.

Mr. Channon explained that the proposals approved by the Labour Government involved not only the dispersal of a further 21,000 Civil Service posts from London but also 4,000 from such places as Harrogate, Bath and Didcot.

Such dispersal moves from places outside London were never suggested in the Hardman report and it was impossible to see the justification for them.

"The present programme would cost over £250m during the remainder of the present public expenditure survey period to 1983-1984, and we should be well into the 1990s before the benefits from dispersal began to offset the costs."

Mr. Channon pointed out that some of the important considerations which led to the Hardman study no longer applied.

"In 1973 the Civil Service was expanding and the Government faced the prospect of providing more offices at high London rents. This Government intends to reduce the size of the Civil Service.

"Moreover, the gap between office rents in London and in the provinces has substantially narrowed as the long-term financial benefits of moving people out of London are that much the less."

Mr. Channon announced that three moves already in progress would be permitted to go ahead—the Manpower Services Commission to Sheffield, the Export Credits Guarantee Department to Cardiff and the Council for Small Industries in Rural Areas to Salisbury.

The Government had also decided that some dispersal of Civil Service posts was justified to meet the particularly pressing needs of Glasgow and Merseyside.

The total of at least 2,000 posts would be moved to Glasgow and East Kilbride by the Ministry of Defence and the Overseas Development Administration.

There would also be a dispersal to Bootle where a large building was available.

The first tranche of 250 posts would be the Home Office computer centre and a unit from the Property Services Agency.

## Bank staff pay deals agreed

BY NICK GARNETT, LABOUR STAFF

A PAY settlement for clerical and managerial banking staff at Midland, Lloyds and Williams and Glyn's was reached yesterday. Deals had already been agreed at Barclays and National Westminster.

The Banking, Insurance and Finance Union will attempt to apply the same level of settlement at many smaller domestic banks and re-open negotiations for the Scottish clearers.

Deals at Midlands and Williams and Glyn's are the same as those at Barclays and National Westminster—15 per cent new money for grades 1 and 2, 16 per cent for grades 3 and 4 and 17 per cent new money for higher grades.

The settlement at Lloyds is the same for grades 1 and 2 and for grades above 4. For grades 3 and 4, however, the deal involves 13 per cent new money, with £50 across the board consolidated into salaries.

Staff bodies and management expect the £50 to range from 1 per cent to slightly more. The average increase for these two grades at Lloyds, therefore, is slightly higher than in the other four banks.

Apart from these increases, the banks are also consolidating 2½ per cent of an existing 5 per cent productivity bonus—resulting in increases in salary rates of 17½, 18½ and 19½ per cent. There is a slight variation in salary increases for staff in grades 3 and 4 at Lloyds.

The other 2½ per cent of the productivity payment is to be paid by all five banks as a continuing annual bonus.

The settlements also involve an average two days' extra holiday—resulting from a previous arbitration award—for grades 1 and 2, with increases on existing territorial or town allowances and a new London supplement.

The banking union, by taking industrial action at Midland Bank computer centres, has been the pacesetter in forcing a settlement which some union officials expect to be worth over 20 per cent.

The Association in Scientific, Technical and Managerial Staffs also joined in the action.

The staff associations at those banks which have domestic staff bodies, however, were instrumental in improving the deal for higher grades.

The banking union said yesterday that it would be submitting claims on holidays for grades above 1 and 2.

## Foreign Office post

BY OUR FOREIGN STAFF

SIR DONALD MAITLAND, former chief Press secretary of Mr. Edward Heath, is to take over as deputy head of the Foreign and Commonwealth Office in the New Year.

There are now two deputies to Sir Michael Palliser, the Permanent Under-Secretary—Sir Anthony Parsons who has been appointed as Ambassador to the United Nations, and Sir Anthony Duff, who retires in February.

Sir David is at present Britain's EEC representative in Brussels. He has a reputation as a stickler for detail who is both fair and conscientious. Like his predecessor in Brussels, Sir Michael Palliser, he has run a mission which is far more open than Whitehall. He is also seen as a professionals' professional.

In Brussels, particularly in the last months of the Labour Government, he apparently had to advocate policies in which he was not always convinced, being particularly disturbed at Labour's handling of the issue of British participation in the European Monetary System.

Before going to Brussels, he served briefly as Ambassador to the United Nations. His colleagues say that he was preceded by the reputation of being schoolmasterish but soon proved this unjustified. However, he does not suffer fools gladly, and this was clear while he was Mr. Heath's chief Press secretary.

But at that job, he displayed a grasp of complex issues and presented effectively the former Prime Minister's views.

He is being succeeded in Brussels by Mr. Michael Butler.

Men and Matters, Page 24

## Le Monde praises PM

PARIS — Electoral promises have rarely been carried out as quickly as those of Mrs. Margaret Thatcher, the French newspaper Le Monde said yesterday.

"Mrs. Thatcher announced in her campaign: If she was elected, direct taxes and public expenditure would be cut back. State participation in economic life would be limited and trade union power reduced.

"The presentation of the Budget in mid-June was the occasion to announce the reduction in direct taxation, and from now on a change in legislation affecting trade union procedure has been announced.

"For the past week, Her Majesty's Prime Minister has emphasised this 'desocialisation' of the economy which seems to her indispensable to the Kingdom's regeneration." Le Monde added.

Reuter

## Settlement closer in Post Office clerical dispute

BY PHILLIP BASSETT, LABOUR STAFF

THE POST OFFICE moved closer yesterday towards ending a dispute with clerical and computer staff who have halted the issue of all computer-processed telephone bills since April, delaying income of almost £800m.

The Post Office group executive of the Civil and Public Services Association, one of the two unions that have been taking action over pay for 16 weeks, voted to recommend an offer worth up to 21 per cent for some grades.

The offer gives increases to the union's 37,000 Post Office telecommunications members of 9 per cent on basic rates, plus 5-7 per cent for regrading, 2 per cent for productivity, 2½ per cent for moving their settlement date from April to July, and other improvements.

It will be put to the members for decision at branch meetings and in some cases by ballot.

The association joined the Society of Civil and Public Servants, the other union that has been taking action, and which is consulting its members on a similar deal, in making clear that its action would not be called off until the members' response is known.

Officials of both unions recognise that the deals they have struck may be resisted by the membership, particularly by computer staff.

Civil Service data processors in the association won increases of 32 per cent in May, but the most their Post Office counterparts can hope for in this deal is 21-22 per cent.

The association's deal may also lead to a conflict in relativity with the Post Office Engineering Union, which settled this month for slightly less.

## 8,000 glass workers to strike

UNION OFFICIALS and shop stewards representing 8,000 manual workers at the Pilkington glass company decided yesterday to stage a one-day strike on August 7 in support of a pay claim.

Senior union officials warned that an indefinite strike may be imposed on the company unless it increases its offer.

Pilkington said yesterday that it had arranged a further meeting with union negotiators, probably on Tuesday.

After a three-hour meeting of officers from the General and Municipal Workers Union, which represents process workers, Mr. David Warburton, national officer, said the company's offer was totally unacceptable.

"Industrial relations within the company are at a very low ebb. Unless they make a realistic offer an all-out-strike is on the cards," he said.

A ballot of process workers showed more than 3—1 majority for action against the U.K.'s biggest glass manufacturer whose main plants are at St. Helens, St. Asaph, Doncaster, Saddleworth and in Scotland.

The company has offered 15 per cent overall in a package similar in size to that offered to craftsmen and white-collar staff.

The package for process workers, however, involves 11 to 12 per cent increases on basic rates which the union finds unacceptable.

## ICI improves offer to clerical staff

BY GARETH GRIFFITHS, LABOUR STAFF

IMPERIAL Chemical Industries yesterday improved its pay offer to 9,600 clerical and administrative staff to 12 to 18 per cent from 8½ to 13 per cent.

The three unions involved, the Association of Scientific, Technical and Managerial Staffs, MATSA, the white-collar section of the General and Municipal Workers' Union, and ACTS, the white-collar section of the Transport and General Workers' Union, will consult their membership on the offer.

In percentage terms the offer is in line with the deal ICI offered the manual and craft unions on Wednesday. The offer would mean a 12 per cent increase for the lowest grades to 18 per cent for the highest. This would mean a salary range of £2,830 to £6,897 per year for the 12 grades.

Mr. Keith Flanagan, chief negotiator for MATSA at the talks, said his union would not make a recommendation on the offer. But he called it thoroughly bad and said at the lower grades the 12 per cent would not take staff off the poverty line. The majority of the ICI clerical and administrative staff is in the lower grades.

The unions hope to meet on August 10 and may meet the company that day. They said no progress had been made over an extra week's holiday claim and a shorter 35-hour working week.

ICI is to hold further talks today with union representatives of its scientific staff. The company has offered them between 8½ and 13 per cent so far. ASTMS and TASS, the white-collar section of the engineering union, will be calling their ICI members out on August 7, for a one-day national strike.

## Denning hears pension case

A TEST case over a bank's pension scheme, alleging it contravened the Equal Pay Act and the Treaty of Rome, opened in the Court of Appeal yesterday before Lord Denning, Master of the Rolls.

Lloyds Bank is appealing against the decision of an employment appeal tribunal last November involving two women bank clerks. The scheme involved 14,000 women employees and £3m.

The Equal Opportunities Commission is funding the costs of the women and hopes the case will be referred to the European Court of Justice.

## Foreign students face £3,000 fees

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

YEARLY fees of £3,000-plus would be faced by overseas students from September, 1980, under a Government project to phase out the present 60 per cent subsidy on the cost of their courses in UK universities, polytechnics and technical colleges.

Even though the foreign students' fees are already to be increased by 33 per cent in September this year, the new levels still represent only about two-fifths of the average unit cost of their courses in UK state further and higher education.

Wiping out the subsidy would therefore mean adding a further 150 per cent to the 1979-80 charges — implying 1980-81 figures of roughly £3,075 for overseas postgraduate students, £2,350 for the undergraduates, and £1,300 for those in full-time attendance at sub-degree courses.

But the non-subsidised fees would be charged only to new students from abroad entering the universities, polys and colleges from 1981 onwards. Those already in place or accepted for courses starting this autumn would continue to be subsidised until their course was completed.

### Subsidies

There are about 85,000 overseas youngsters currently registered at the state institutions, of whom roughly 12,000 receive financial aid through the Overseas Development Ministry.

Aid to deserving applicants would almost certainly be extended if the Government decided to proceed with the projected charging of the full economic cost, which will meet fierce opposition from virtually all students' and teachers' organisations.

Education Ministers believe, however, that if £400m has to be pruned from the £8.5bn education budget in 1980-81 as part of the general curbs on public spending, it would be better to end the subsidy at the risk of having fewer overseas students than reduce the number of schoolteachers available to British children.

Ways of cutting the subsidy—or at least of preventing youngsters from rich countries or families from being educated at the expense of the UK taxpayer—have been under examination by the Department of Education and Science for some time.

But the leap to charging the full economic cost has been inhibited by various difficulties, one of which is that foreign students are not distributed evenly over studies of all kinds.

The overseas youngsters often constitute a majority or a very substantial share of the total students on a course, particularly in technical studies and the "vocational" programmes at sub-degree level.

### Rich families

If the overseas admissions were severely diminished local education authorities would face hard decisions about the future of many courses specifically directed towards training skilled workers.

The courses would either have to be continued at a high unit cost for their British students alone, or closed down to the potential detriment of the country's training effort.

## Plan to regrade wool workers

NEW PROPOSALS for wage restructuring which could increase basic pay by up to £12 a week have been made for wool textile workers, most of them in West Yorkshire.

An application to the employers has been made by the National Association of Unions in the Textile Trade on behalf of 60,000 workers. It follows a pay settlement with employers earlier this year when it was agreed that re-grading talks should be held. The unions have put their proposals for three grades instead of the present seven. A union official said it was an attempt to create a more realistic grading system and to recognise and reward the more skilled and trained workers.

The plan is for a £60 a week basic rate for grade 1, £55 for grade 2 workers and £50 for those in grade 3. The present minimum is £37.68 a week.

## Threat of TV blackout

BY GARETH GRIFFITHS

INDEPENDENT television programmes could be hit during the next two days by industrial action by members of the 20,000-strong Association of Cinematograph, Television and Allied Technicians.

The dispute is over an unspecified pay claim which the television companies estimate at about 35 per cent. The 15 companies say there is little they can do to prevent the association taking action which could stop transmission.

Mr. Alan Sapper, general secretary of the union refused to give details of the planned action so that managements should have no chance to plan emergency measures. The first station to be hit was Thames, late on Wednesday, when action by transmission staff halted programmes 45 minutes early.

Talks will be held on Monday between the Independent Television Companies' Association and the union. ITCA hopes the union will give more details of its claim.

The companies are likely to make an improved offer to 9,000 broadcasting staff today at a meeting with the National Association of Theatrical, Television and Kine Employees, and the Electrical and Plumbing Trades Union. The offer so far has been 9 per cent new money across the board.

# THE PROPERTY MARKET BY MICHAEL CASSELL

## 'Impotent' LOB sits it out

A MAJOR blunder by the last Government is preventing the Location of Offices Bureau from fulfilling its latest and potentially most important role—attracting international companies to set up offices in the UK.

The bureau has been unable to involve itself in any expenditure overseas (or in Scotland or Northern Ireland for that matter) aimed at promoting the UK as a suitable office location, for fear of breaking the law.

By the time it discovered its unintentional misdemeanours, it had already incurred over £35,000 of unauthorised expenditure, including a £15,000 report on the factors influencing companies in the location of international offices.

Mr. Anthony Prendergast, chairman of the bureau, said: "We remain impotent because of an absurd legal technicality and don't know when or if we will be able to resume this vital role. While we sit with our hands tied, the rest of Europe gets on with the job."

The affair has not surprisingly been played down and stems from the decision by Mr. Peter Shore, the former Environment Secretary, to change the bureau's role in a way which many observers believed was asking it to stand on its head; instead of encouraging the dispersal of companies and jobs from London and the south-east, it was now expected to promote office employment in inner urban areas (including London) as well as go in search of overseas customers.

By January last year, the additional finance required for its overseas campaign was available but by July, it had been pointed out by an ever-zealous observer that the bureau's foreign venture was contravening the Town and Country Planning Act 1943.

An embarrassed Department of the Environment and an annoyed and frustrated bureau got together to formulate fresh legislation enabling the bureau to get on with the job. A draft Bill was killed by the general election and now the whole future of the bureau is being examined as part of the Government's review of Quangos.

The "unauthorised" report prepared for the bureau by the Economist Advisory Group makes interesting reading and emphasises that while rental levels in the City of London are the most expensive anywhere in Europe, labour costs made London significantly cheaper per head of staff, working out to between 53 per cent and 75 per cent lower than those in Geneva, the most expensive location.

## Ladbroke hunt for U.S. property partners

HOT ON the heels of Mr. Cyril Stein, Ladbroke Group chairman, who last week took time from his troubles at home to complete a £35m property deal in the U.S. goes Mr. Kurt Kilstock, the man in charge of Ladbroke's property division.

Mr. Kilstock, head of the property operations since his Techno group joined Ladbroke in 1972, leaves today for the U.S. in search of further projects and partners.

Within six weeks, Mr. Kilstock—who still holds a substantial personal stake in the group's London and Leeds property operation—hopes to be back with more news to soothe some unhappy shareholders.

He may well have arranged more office park deals like last week's. He believes this type of development—"akin to our industrial parks"—provides several bonuses for the operator, not least the early and progressive release of income-earning space and the resulting flow of staggered rent reviews.

To date the group's property operations, which include house building, have made a relatively minor though respectable contribution to earnings, although its asset contribution is somewhat greater. When current developments are completed, the group's portfolio (excluding the first U.S. venture) will be worth well in excess of £100m.

With eyes firmly set on the U.S., Ladbroke expects little in terms of new developments in Europe. Early this year is eliminated its one loss-making overseas property development by letting the remaining space in its Brussels Square de Meeus office complex. More development is planned, however, for the U.K.

The U.S. deal will involve the development of a 1m square foot office park on 80 acres of land in Westchester County near New York. Ladbroke's partner in the "low risk — high profit" deal will be the U.S. group Largo, run by Mr. Hy Goldfeld, a former real estate agent turned major developer.

Mr. Goldfeld is not a new name to at least one major UK developer. In the early 1960s he, along with London estate agent Mr. Victor Behrens, brought together Hammerson Property Investment Trust and the Fusco-Amatrudo Corporation of New Haven to carry out developments in three major U.S. cities.

The jointly owned HFA Development and Management Corporation was subsequently swallowed up by Hammerson while Mr. Goldfeld turned to development. His group is currently building, in partnership with Cadillac-Fairview of Canada, a mixed residential, retail and hotel complex in Smithville near Atlantic City.

## Wigmore St. lease by IBM

● In one of the largest West End office transactions this year IBM has leased the 110,000 sq ft former Minnesota Mining and Manufacturing building in Wigmore Street at a rental thought to be £16 a sq ft. Weatherall Green and Smith advised IBM. Joint letting agents: Jones Lang Wootton and Bernard Thorpe.

● Elliott Group of Peterborough has sold the 186,000 sq ft former Nesco factory at Newton Aycliffe for £500,000 to furniture manufacturers George Moore. Freeholder is Aycliffe Development Corporation and the ground lease expires in 2047. Elliot Son and Boyton acted for Elliott Group.

● Pension Fund Property Unit Trust has paid about £1¼m for the Commercial Union Properties 12,906 sq ft freehold shopping redevelopment in Pinstone Street, Leeds. Eadon Lockwood and Riddle and Hillier Parker acted for CUP.

● Family trust clients of Conway Relf have paid about £490,000 for three refurbished office buildings offering 6,900 sq ft opposite Lord's cricket ground and producing an annual income of £40,000 a year. Michael Laurie and Allsops acted for the vendor, Bertel Properties.

## Reflections on The Crash

FOR THE property world the early 1970s were the years of fantasy. Rents apparently had no ceiling and yields no floor, money could be borrowed from anyone by anyone, fortunes made overnight and all the best Continental deals arranged on a day trip.

The dream lasted little more than 18 months and it provided rich material for those reporting these events, including myself as property correspondent of this paper from spring 1972 to the winter of 1974-75.

Surprisingly, there have been few attempts to capture the aura of the period in book form. A number of interesting studies on planning and environmental aspects have appeared but the only insights into the property market as such have come from the Department of Trade reports, and from the Fay report on the Crown Agents.

Oliver Marriott's *The Property Boom* — a classic of business history—is now 12 years old. Even though several of his judgments, notably about the growth of Government intervention in property, have proved to be correct, many of the stars (or meteorites) of the early 1970s had not appeared by the late 1960s.

Nigel Broackes is certainly well-qualified to write about the intervening period. Trafalgar House is by origin and at heart a property-based company and one of the most successful recent developers, especially in the City.

Broackes's new book, A Growing Concern, does not set out to be about property nor is it a history of Trafalgar. Instead it is a subjective account of what has interested him.

As such the reader is left almost as restless as the author evidently is. He adopts a detached view of both events and people around him; this can be illuminating but it no doubt explains the rather tetchy subsequent review by his collaborator, Victor Matthews.

The book is interesting on the early deals — mainly residential conversions—and on the big takeovers, but is disappointingly vague about how the property side evolved.

There is, for example, scarcely any discussion about the big City schemes and the opportunities of the early 1970s. The long frustrating (and still unfinished) story of the proposed major redevelopment of the Whitbread site at Chiswell Street is not mentioned yet it is central to many of the problems faced by developers in the last decade.

Ironically, the best part of the book for the property specialist is the chapter on the general crisis of the early and mid-1970s, the most balanced account of the period to date.

Among the telling anecdotes is the rise in value of an old Epsom builder's yard from £185,000 in May, 1971, to a sale price of £1.5m to William Stern in September, 1973. There is a vivid description of a visit by Ronnie Lyon in May, 1974, just before his group collapsed, to seek help because of "a slight, temporary, cash flow problem."

Broackes brings out the "inexorable slowness" with which the crisis developed and he rightly characterises the lifeboat as prime lenders being briskly instructed to sustain the prime offenders in a series of impromptu lash-ups, to avoid their own collapse.

The author concludes that property work in all its forms has a "reasonably promising future. Like any other occupation, property development should not be undertaken as a cold financial manoeuvre; it works best for those who are emotionally committed, and they have to be numerate people with an instinct for valuation."

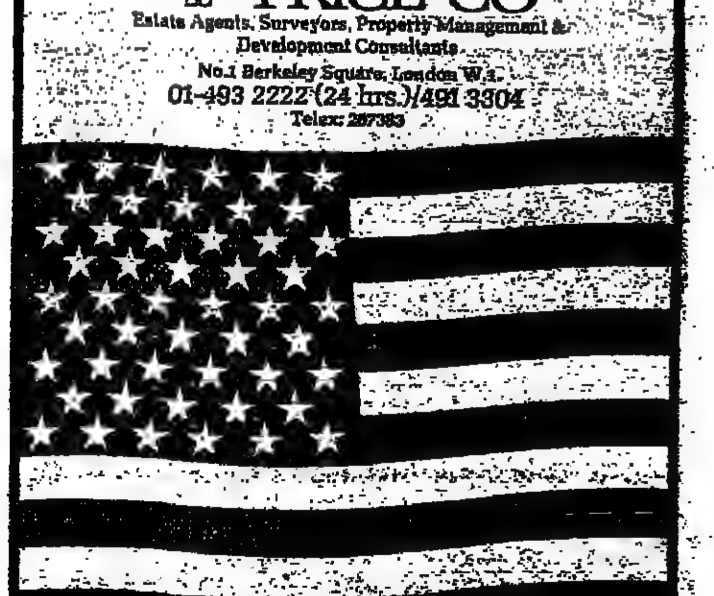
This is an appropriate epitaph on the last decade and the book also underlines the need for a longer and more detailed discussion of the period.

A Growing Concern by Nigel Broackes (Weidenfeld and Nicolson, £8.50).

**Peter Riddell**

● Nigeria Reinsurance has taken 3,057 sq ft at about £10.50 a sq ft in Stevinson House, Fenchurch Street, EC3. They were represented by Edward Erdman, and Walker, Son and Packman acted for Equitable Life Assurance.







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## A FINANCIAL TIMES SURVEY

# INDUSTRIAL PROPERTY

### TUESDAY 18th SEPTEMBER 1979

The Financial Times proposes to publish a survey on Industrial Property on Tuesday the 18th of September 1979. The main headings of the provisional editorial synopsis are set out below.

- INTRODUCTION. The last 18 months have seen a revival of interest in the industrial sector. Rents and Capital Values have improved.
- THE ECONOMY. A stable outlook is necessary for an upturn in building work.
- LAND. The effect of changes in Development Land Tax and the Community Land Act.

● NEW TOWNS ● INNER CITIES
● THE DOCKS ● CONSTRUCTION
● INVESTMENT ● RENTS ● WAREHOUSES
● SMALL FACTORIES ● DEVELOPMENT

For further details on editorial content and advertising please contact: Cliff Caunter, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 Ext. 234

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY AND SECURITY

## Silver foil deters the shoplifter

IN AN anti-theft system put on the market by Lawrence Security Services a pair of metal foil strips about 10 mm wide, held on a single self-adhesive backing is stuck to the counter or showcase and connected to an electronics detection unit which houses a "bleeper" alarm and warning lamp.

Articles to be protected are placed on the foil which can either be left showing as a deterrent or covered with a cloth. The foil can be up to five metres long and when loaded with the items to be protected presents a particular electrical capacitance to the detector circuits.

Removal of any one of the items from the foil strips changes the capacitance, alters an oscillator frequency from a reference figure and sounds the alarm. After a pre-set time the circuits self-restore to the reference and the system is ready to detect another item removal.

The system behaves similarly when objects are placed on the foils, so that the sales staff of the shop can change the display without too much complexity.

Activation is from a control panel using a key switch; the alarm when set off will continue to sound until the key switch is used to stop it and reset the system.

Metal items are more easily detected than, say, ceramic ones, although the latter can be improved by sticking some of the foil on the base.

A basic kit of the system, which is called Shelftec, consists of 15 metres of the tape, a sensor box and a control panel and costs £94.

More from the company at 26 Harrison Street, London WC1H 8JG (01-278 1164).

## Softening the blow

THE DANGERS inherent in the use—and misuse—of compressed air for dusting machinery and workbenches, will be minimised, it is claimed, if the latest blow guns made by Schrader Bellows are used.

Top of the range is the automatic pressure reducing safety blow gun, which has an integral pressure reducing valve. This has the effect of relieving pressure automatically in the event of nozzle blockage: should this occur the pressure applied will not exceed two bar.

The gun has an aluminium die-cast body with a lightweight nylon-coated steel hand lever to control the air blast and a combined finger guard/park hook is provided. The nozzle creates a conical air shield effect to minimise blow back of swarf and chippings.

Another model, the fixed pressure regulated safety blow gun, is designed to dispense with specially regulated low pressure air lines for normal dusting. Basically the same gun as the pressure reducing type, it utilises a straight-through flow type nozzle which, combined with the integral pressure reducing valve, ensures that outlet pressure never exceeds two bar, irrespective of inlet pressure. The gun will handle up to seven-bar inlet pressure.

A third model, the Torpedo general purpose safety blow gun, has a sliding thumb button to control the air blast from a "whisper" to full flow.

The blow gun has its own non-detachable nozzle which has cast-in vents preventing the outlet pressure exceeding two-bar in the event of obstruction or blockage of the nozzle.

## Preventing the spread of fire

THE BRITISH Standards Institution's code of practice for fire-fighting installations, CP 402, is being revised, extended in scope and republished as BS 5306 Code of practice for fire extinguishing installations and equipment on premises. Part 1 deals with hydrant systems and Part 2 sprinkler systems.

Sprinkler systems are designed to provide automatic means of detecting and extinguishing or controlling a fire by water in its early stages by an installation of overhead pipes on to which sprinkler heads are fitted at intervals.

Each head is, in effect, a heat-operated valve designed to open at a predetermined temperature and to discharge water under pressure from the installation. Water emerging is directed into a specific pattern by a deflector incorporated in the head, and the flow of water from the installation also causes an alarm to sound.

Provided that the equipment is designed, installed and maintained according to good practice a sprinkler installation ensures that a well directed and ample amount of water is automatically applied to the fire while it is still comparatively small. As only the sprinkler head or heads in the immediate vicinity of the fire open, water damage during the extinguishing of the fire is reduced to the minimum while the remainder of the building remains fully protected.

The installation operates automatically, is not impaired by smoke or fumes, and is not hindered by blockage of access routes.

Copies of BS 5306 may be obtained from BSI Sales Department, 101 Pentonville Road, London N1 9ND. Price £6.40.

● INSTRUMENTS

## Timing from a small box

ELECTRONIC timers put on the market by Londex are fully solid state and are housed in a slim case only 17.5mm wide for DIN rail mounting or for bolting to a surface.

The range includes an adjustable delay timer which is connected in series with relays or contactors to delay energisation by up to 100 seconds. A two-wire connection system is used which the company claims will yield a 50 per cent saving in wiring costs over conventional models. Models operating from standard voltages from 24 to 240 ac or dc can be provided. Repeat accuracy is one per cent.

If input and output have to be completely isolated, a version is available with an output relay in the same casing.

A complementing item is a flasher unit which with the same series connection method will directly switch a 100 watt lamp once a second.

More about the range, designated 404, from the company at P.O. Box 79, Oakfield Road, London SE20 8EW (01-659 2424).

● QUALITY CONTROL

## Timber graded by micro

THE INTELLIGENCE and numerical power of a microcomputer is used to control and manipulate the data from a new timber grading machine recently launched by Cook Bolinders, 6a Commerce Way, Stanbridge Road, Leighton Buzzard, Beds. (05253 76697).

The controller has been developed by Base Ten Systems of Aldershot and the machine is intended to replace the visual methods usually employed in timber grading.

Constant deflection is applied to a length of timber and the machine measures the reaction force at intervals along the length. It then calculates the stress grade of the wood against a set of pre-programmed limits and places a paint mark, colour coded according to grade, at appropriate points.

Signals from timber entry and exit photocells, and from the load cells (the output of which is digitised) are fed to the processor, and after two passes to establish figures in two planes, the operator is given a visual indication by coloured lamps of the grade, or of a rejected length. A printer can be connected to get hard copy.



One of the two water quality monitoring machines delivered to the Dutch water authority Zuiveringschap West-Overijsel for use on the River Vecht at Gramsbergen and the Lutterhoofdwijk Canal at Coevorden. The equipment is housed in a transportable building with insulated double-skin walls and special strengthening beams for mounting the instruments securely. Instrumentation includes a water quality monitor to measure dissolved oxygen, temperature and suspended solids, and a monitor to measure chloride ion levels. A permanent record of the parameters measured is provided. Other parameters which can be monitored include fluoride, nitrate, ammonia, cyanide, ammonium, sodium, water hardness, pH and conductivity. Apart from the monitors, the buildings are fitted with telemetry facilities enabling them to be linked to a central control point. The units were supplied by Electronic Instruments, Hanworth Lane, Chertsey, Surrey, KT16 9LF (093 28 62671).

● PROCESSING

## Embosses plastic cards

A HIGH VOLUME, computerised embossing machine called 7700 from Pitney Bowes produces data carriers in the form of plastic cards or metal plates for use in medicine, commerce and heavy industry.

It is particularly suitable for hospitals where medical data such as identity numbers can be embossed for subsequent imprinting on record cards and patient files, and in the motor industry for engine and chassis part number identification.

Data input can be manual using a typewriter keyboard, and there is a standard connection for a visual display unit which allows the operator to check and edit information before embossing.

But on-line operation is also possible since the unit is compatible with a number of magnetic tape drive units and other standard data processing equipment. In this way, data can be fed directly on to plastic cards or metal plates from central computer records.

With a printing speed of 200 characters per minute, the terminal is suitable for one-by-one production and for longer runs of repetitive data.

More from the company at The Pinnacles, Elizabeth Way, Harlow, Essex CM19 5BD. (0279 26731).

● PERIPHERALS

## Many new Plessey units

PM-TS11 DESCRIBES a Plessey magnetic tape system intended as a direct replacement for the equivalent unit from Digital. It gives ability to store and read large volumes of serial data and, says Plessey, is less expensive (bit by bit) than comparable media.

It allows the user a choice of tape formats and also to mix single and dual density tape drives as well as 7 or 9 track tape.

Unibus data transfers use word transfer where possible. Accuracy of data is extensively verified and a 64 byte internal buffer provides increased flexibility with its priority assignment capabilities.

The PM-TS11 subsystem consists of the controller, one to four magnetic tape transports and interconnecting cables.

This is just one of many new units developed and launched by Plessey.

Micro-II general purpose micro-computer describes a Plessey unit for business environments. Based on the DEC LSI-11, or for added performance the SLI-11/23 central processor, it includes two floppy disc drives, single or dual density, and has the capability of supporting a 5 or 10 megabyte hard disc subsystem.

The central processor and floppy drives are housed in an attractive 10.5 inch chassis which can be mounted in a desk top or desk height cabinet and provide a practical compact and economical package aimed at the small system user.

The PM-RF11 is a high performance fixed-head disc emulator which is based on 16K MOS RAM technology. Performance benefits over the equivalent DEC model include a 10 to 1 improvement in transfer rate and a 1700 to 1 improvement in access time. The PM-RF11 has a capacity of 1.5 megabytes contained in a 5¼-inch chassis, the equivalent storage of three RF-11 disc drives.

The PM-KK11A is a high speed RAM cache memory of 2K word capacity, designed to run with the PDP-11/34A central processor. This memory simulates a system having large amounts of moderately fast memory and substantially decreases average access time.

Plessey Peripheral Systems, Harrowden Road, Brackmills, Northampton NN4 0EB. 0604-62175.

● HEATING

## Brings heat on at right moment

AN ELECTRONIC optimal start controller for boilers which is able to make allowance for the weather before switching on in the morning has been put on the market by Horstmann Engineering Products, Newbridge Works, Bath. 0225 21141.

Although most orthodox start-up controllers will turn on the heating some time before office/factory hours so as to reach the required minimum by the time employees arrive, they might not take account of a sudden, typically British temperature rise outside, thereby wasting fuel.

The Horstmann device, called Economiser, takes data from electronic thermometers inside and outside the building and is able to decide the last possible moment at which the boiler can be started. The building's thermal response time is also taken into account—it can be individually set into the controller.

During the weekends and holidays the outside sensor will switch the system on for sufficient time to prevent frost damage. If a few hours of unforeseen heating are needed the system can be switched on manually by an extended run timer with a six hour range.

## Environment controlled

A PORTABLE environmental control unit called Psycho-Aire made in the U.S. by Vista Scientific offers very good control accuracy of both temperature and humidity within chambers or walk-in rooms.

Stable and repeatable environments to within 0.5 per cent relative humidity and 0.5 deg C can be achieved, with electronic control and an operating system that can provide relative humidity from 10 to 98 per cent and temperature between 4 and 60 deg C.

There are ten models available for spaces up to 2500 cubic feet (a room measuring 18 x 18 x 8 ft), so that almost any enclosure likely to be encountered for testing purposes in industry can be conditioned.

Each unit has its own refrigeration and control system so that there is no need for any special installation work.

More from the UK agents, Heritage Engineering, Lloyds Bank Chambers, Wimborne Minster, Dorset BH21 1JA (0202 886402).

● COMPONENTS

## Plastics waste pipes

IN ADDITION to its smaller bore waste systems, is a new 55mm ABS system, announces Hunter Plastic Industries, Nathan Way, London SE28.

Produced in white, it offers a complete range of component parts which — apart from the stock four metre lengths of pipe —includes couplings, bends, tees, crosses, pipe clips, straight expansion units, reducers, access fittings, socket plug, drain connectors and roof terminal fittings.

System should be of particular interest, says the company, to architects and specifiers involved with Middle East contracts where waste pipes are invariably sunk into concrete.

● CONFERENCES

## Control of services

CHARTERED Institution of Building Services is organising a symposium on the centralised monitoring and control of building services which will be held on October 2 at the Kensington Close Hotel, London.

Programme will include the development of monitoring systems, their ability to start up and control installations which may be located over a large building complex, or over a widespread number of buildings, and the ability of modern systems to supervise other services such as fire and security.

CIBS, 49 Cadogan Square, London, SW1 (01-235 7671).

# FINANCIAL TIMES SURVEY

Friday July 27 1979

# BIRMINGHAM

There are hopes among Birmingham's business community that the arrival of a new Conservative Government will help create longer-term benefits for Britain's second city, and, in particular, enable many small and medium-sized industrial companies to at last realise their potential.

## City's business climate improves

By Arthur Smith
*Midlands Correspondent*

THE HARD-NOSED Thatcherite Conservatism, preaching cuts in public spending and financial incentives for working people, has struck a sympathetic note in Birmingham.

Mr. John Taylor, successful solicitor in suburban Solihull, newly elected representative to the European Parliament, and leader of the controlling Conservative group on the West Midlands County Council, offers no apologies: "Rates are going to have to rise and services will be cut. It is not either-or, but both."

Birmingham is proud of the fact that it became Britain's second city—and "the city of 1,500 trades"—on its own initiative and inventiveness. Sadly, the superficial prosperity evident in the concrete shopping precincts and modern highway network of a motor-dominated city cannot conceal the reality that Birmingham suffers the problems of urban deprivation common to so many other conurbations.

The decline in population and jobs, particularly in the traditional manufacturing trades, has proceeded at an alarming rate during the past decade—and the rundown is still continuing. More than 50,000 jobs were lost to the inner city in the early 1970s and the inner city's population dropped from 329,000 to little more than 285,000.

The pattern is all too familiar with the more prosperous and more mobile people moving to the suburbs, leaving behind the elderly, and unskilled and disadvantaged. More than 25,000 people are now out of work, producing unemployment levels, in some areas, of around 15 per cent—or three times the national average.

It was against such a background that the previous Labour Government made Birmingham one of the priorities in its expanded urban aid programme. A partnership committee, on which local authorities, Government departments and other public agencies are represented, was set up to co-ordinate an action programme with the aim of halting the decline.

### Economies

The Conservative Government has already clipped £800,000 from the £13.5m for Birmingham in the current year, as part of a £7m cut in its £156m national urban aid programme. The economies are viewed locally as something of a cosmetic exercise designed merely to make the political point that the new Administration is indeed committed to reductions in public spending. Encouragement is taken that there is likely to be a bi-partisan approach to the need for State assistance in helping to generate economic growth within the declining inner city areas.

But what are the implications for Birmingham with its social and economic problems of the election of a Government mandated to public sector economies?

"The individual will undoubtedly feel the benefits more as a taxpayer than as a ratepayer," says Mr. Taylor. "The budget next spring from the West Midlands County will result in a much higher rate precept than would otherwise have been the case."

He is adamant that services must not only be cut, but provided at realistic prices—"For too long too many subsidised services have been offered. We have to make it clearer to the consumer what is the real cost."

He cites the metropolitan bus service as an example of where prices must rise: "Fares will have to go up in August. What we can afford to charge on the buses must be a reflection of the cost of alternative modes of transport. Fares will have to continue to rise and at fairly predictable intervals."

Another related area where economies are likely to be sought is on the highways programme. Longer-term investment is likely to be jettisoned in favour of a simple care and maintenance policy. "As a labour intensive operation we are vulnerable to inflation. There is now nowhere to hide. If we ask more money from the present Government they will say no," Mr. Taylor declares.

Both through the Confederation of British Industry and through chambers of commerce, local businessmen have expressed delight at the return of a Conservative Government and the opportunities thought to have been created. However, Mr. John Warburton, director of the Birmingham Chamber of Industry and Commerce makes no secret of the fact that "it will undoubtedly create problems for Birmingham and will not make it any easier to generate the sort of growth we need."

*The Queensway, Birmingham, approaching Five Ways*

He is nevertheless confident that "the new business climate" the Conservative Government is expected to create will yield a longer-term benefit and enable the city's small and medium-sized firms to realise their potential.

Whether or not such hopes are soundly based, remains to be seen, but there can be no mistaking the support within Birmingham for the Government's present high risk economic strategy.

The arrival of a new Administration has raised some uncertainty about the future of the partnership programme but there is a widespread belief that it will press ahead uninterrupted. Questions seem to have been posed not about the need for the special action but about the best mechanism to affect regeneration of the local economy.

The desire of the Government to express its distaste for interventionism and bureaucracy could lead to some modifications but they are likely to be more cosmetic than real. The partnership committee in Birmingham, where the Conservatives are in control of both the city and the county council, has consciously steered clear of any charges of empire building. Mr. Graham Shaylor, the city planning officer, has seconded a handful of officers to prepare material for the committee, but staffing has been kept to the minimum with specialists called upon to make contributions only when necessary.

Though central Government only made funds available from April this year under its inner city programme, the Birmingham team has already been in action for two years. Money was provided under Government initiatives to boost the construction industry and through urban aid "Our track record to date speaks for itself. We have already made great progress," Mr. Shaylor maintains.

Nearly 40 projects, mostly for the provision of new or refurbished factories, have already been completed or are under way. A "new enterprise workshop" offering seven nursery units of only 250 sq ft has been opened with the aim of helping individuals to put their business ideas into practice.

The aim of the programme over the next three years is to restore confidence in the inner city so that private investment is attracted. There is a co-ordinated effort to reclaim unused land and improve existing industrial and commercial buildings and districts.

Mr. Warburton maintains that the partnership project has brought an important change in mood over the past 12 months in which local authorities and Government are co-operating with business to encourage growth.

"But this whole new approach still has to be sold to the existing firms," Mr. Warburton says. "Birmingham companies have become so convinced over the years of the idea that they will be prevented from expanding or directed to development areas."

The Birmingham Chamber believes the educative role is so important that it has two full-time officers visiting local companies, discussing business programmes and suggesting ways that growth might be pursued. "In the past many schemes were held up or fell by the wayside because of the delays and caution of the planners. There is now a far more sympathetic view of the industrialists' problems, and it is important our members realise that," Mr. Warburton asserts.

But the Chamber is not uncritical of the partnership programme—"We believe that up to half the money spent ought to be used for the generation of long term employment. At the moment the proportion is less than 25 per cent," claims Mr. Warburton.

Though spending on social facilities improved the morale and confidence of an area to the benefit of industry, the Chamber would prefer a speeding up of site-assembly and factory building—"Small firms have always been crucial to the success of Birmingham and there is certainly no shortage of demand for nursery units," he adds.

### Restraints

According to the Chamber, one way that industrial building could be accelerated would be for local authorities to curtail their activity as developers and, instead, give a greater role to the private sector. Local government could use its special powers and resources to assemble and service sites and leave private capital to build and market factory units.

But for many businessmen the real key to Birmingham's future development will be the Government's new regional policy. For many years the city has complained that the restraints of industrial development certificate controls, coupled with the aid incentives of the assisted areas have robbed Birmingham of new growth industries.

The Chamber, in a strong submission to the Government argued, that "it is wrong to attempt to strengthen the weak by weakening the strong." Immediate scrapping of IDCs was recommended, along with a more selective "value for money" approach to the parts of the country qualifying for special assistance.

It is understandable that a city with confidence in its own strengths should wish to reduce Government intervention. But the Chamber at the same time urges caution upon the Government in cutting industry aid, arguing that "there are a number of extremely valuable schemes already in existence which we should like to see strengthened by the injection of additional funds."

Assistance given particular praise is the Selective Investment Scheme and the Process Development Scheme aimed at encouraging the design and launching of new products.

Of the more obvious concern to the city is continued Government support for BL, formerly British Leyland. There are still the critics, but there is a growing realisation of the company's importance: "The Chamber is solidly behind BL. It is absolutely essential to Birmingham and the West Midlands," declared Mr. Warburton.

Indeed, the point has been underlined by the West Midlands Economic Planning Council which recently took the initiative in bringing together trade unions and management to discuss the problems of the car industry. Following that meeting the warning was given that failure to retain the vehicle assembly industry could result in the loss of one in every four manufacturing jobs in the West Midlands.

For Birmingham, the city of the motor car, the change of Government might have brought new hopes and uncertainties, but prosperity still rests clearly upon the performance of the traditional trades.

# Industry's cautious views on investment

BIRMINGHAM businessmen enjoy a reputation for taking a realistic attitude to their trades. The Government might have made grand promises about charting a new economic course while, at the same time, budgeting for a cut in the gross national product and pushing inflation to the point where there are fears of a wage explosion. But such matters are treated calmly in Britain's second city which, with a heavy concentration of manufacturing industry, regards itself at the sharp end of the economy.

Both the West Midlands region of the Confederation of British Industry and the local chambers of commerce have made enthusiastic noises about Sir Geoffrey Howe's first Budget.

Mr. Gerald Coghlan, chairman of the regional group of chambers of commerce, declares: "Given the right opportunities, industry in the West Midlands has never been slow to seize any opportunity that can lead to expansion. The fiscal climate now before industry does, in my view, prevent that very opportunity."

But while businessmen welcome the decisive start made by Mrs. Thatcher's administration towards switching the burden of taxation away from the individual, there is an awareness of the risks. Disquiet has been expressed at the impact the new 15 per cent rate of VAT could have upon wage pressures. Complaints have also been made about the high cost of money with Minimum Lending Rate at 14 per cent.

The time for dramatic shifts in Government pjolicy is never judged to be right but Birmingham traders are particularly conscious of the dangers the mounting energy crisis pose to the Chancellor's strategy. It was in Birmingham that Mr. Reg Parkes, the regional chairman of the CBI, sent out the warning that companies expecting to switch demand from oil to gas might be thwarted.

"We are worried that this energy crisis will negate the benefits offered by the recent Budget," he said. Companies wanting to switch from oil to gas were finding that additional supplies could not be made available.

The Gas Corporation has subsequently made clear that the problem is not merely confined to the Birmingham area, but applies throughout the country. Sir Denis Rooke, the corporation chairman, said there is "no way the gas industry can take over the whole of the load formerly borne by oil."

In the West Midlands, demand for gas has increased by four to five times since the start of the oil crisis. Mr. Parkes maintains that at least two companies have already been prevented from starting new operations next year because of energy shortages.

"Management have to sit down and use all their ingenuity to find new ways of saving fuel. They proved they could keep the production lines running during the lorry drivers' strike and I believe they can do it again," says Mr. Parkes.

Indeed, Birmingham came through the dislocation caused by the road haulage dispute in better shape than many had feared. The problems in the early months of this year have tended, however, to distort views of how the real economy is moving.

## Improvement

The latest survey of business opinion by the local chambers of industry and commerce indicated an improvement in both domestic orders and deliveries. But Mr. Coghlan pointed out that the upturn might reflect the return to more normal trading conditions.

Economic activity has shown a pronounced if undramatic recovery from recession over the past 18 months. Progress has been sustained in spite of the troubles of last winter.

Higher earnings coupled with pre-Budget spending in anticipation of higher VAT rates stimulated consumer demand. But few companies expect such spending to be continued or for it to prompt new investment or activity beyond the consumer goods sector. Products in demand that have been of particular benefit to Birmingham include motor cars, carpets, record players, do-it-yourself and building materials.

The building industry is important to the city and there have been encouraging signs in recent months of recovery from what has been a deep and protracted recession. The increased activity is attributed in the main to home improvement and the upturn in private housebuilding.

But it is the performance of the motor industry that is crucial to the health of the Birmingham economy. While car sales in the UK this year have moved at record levels, imports have taken an alarmingly high proportion at more than 55 per cent.

Average weekly output at BL Cars has been down on last year contributing to the disappointing production figures for the car industry as a whole. However, higher output of commercial vehicles and buses and the bottoming out of the recession in the tractor market has provided some consolation for the components manufacturers.

The failure of the UK vehicles industry to achieve former production levels means that many suppliers throughout the Birmingham conurbation still have spare capacity. The situation obviously varies from company to company and between products but the components sector reports operations in general are probably running at little more than 70 per cent capacity.

The mixed picture is illustrated by the foundry sector. While further rationalisation is expected, some companies, usually those supplying high technology specialised castings, have put in new capacity. The increase in demand from the aerospace industry has been particularly helpful.

Another sector where redundancies are anticipated is industrial fasteners—nuts and bolts, in particular. The industry has complained of low-priced foreign imports and now has around 35 per cent spare capacity.

Machine tool companies have enjoyed some improvement in demand over the past 12 months helped by the placing of orders for BL Cars' large-scale investment programme and by the Ford project for an engine plant in South Wales. Export markets remain very difficult because of the worldwide problem of excess capacity.

Engineering companies report a slight upturn in business this year to put capacity utilisation just over 80 per cent. Profit margins have recovered a little but are still by no means good.

One issue causing concern among industrialists is the likely trend of overseas trade. Mr. Steve Rankin, regional director of the Confederation of British Industry, describes the export scene as "rather disturbing." He complains: "We have a strong pound, the burden of higher wages and the problem of world trade being thwarted by higher oil costs."

He claims that many firms have managed to keep exports at a high level only by cutting profit margins—"It is quite obvious you can only take this kind of measure for a limited period." Mr. Rankin puts forward improved productivity as one way to tackle the problem.

The survey by the chambers of commerce shows some improvement in export deliveries compared with three months ago but new orders little changed. Mr. John Warburton, director of the Birmingham Chamber of Industry and Commerce, argues that the difficulties could encourage more interest in markets within the European Community. His chamber is certainly making efforts to promote such trade.

## Quality

Against a background of difficult export markets and little prospect of any significant upturn in home demand companies show few signs of any intention to commit new investment. Any spending is geared not to expanding capacity but towards improving quality and productivity.

The implications of such trends for employment are serious. Very few companies have indicated any intention of taking on new labour. The shortage of skilled workers in Birmingham remains acute but there are no clear signs that this is having any significant effect upon output.

The main talking point is the likely pattern of wage settlements in the approaching pay round. Numerous warnings have been issued by industrialists about the need for moderation but few are prepared to forecast the possible level of industrial disruption.

Though few companies would admit to the figure many seem to have allowed for a 15 per cent increase in earnings over the next 12 months. Such calculations ignore productivity advances; companies able to negotiate such deals would award the benefits in addition to the 15 per cent.

In the survey conducted by the chambers of commerce, companies are asked to indicate the three factors most likely to improve their prospects. They list higher productivity, lower rates of inflation and lower interest rates. On such a list of priorities the uncertain business climate in Birmingham is understandable. It is as well businessmen are able ot take a fairly philosophical attitude to the key issues of the day.

**Arthur Smith**



# Concern among the component makers

THE CONCERN felt in Birmingham about the future health of the vehicle assembly and components industries is illustrated by this month's initiative by the West Midlands Economic Planning Council to bring unions and management together to discuss the problems.

Mr. David Nendick, the member of the planning council to chair the newly-formed committee on which senior members of the industry are represented, took encouragement from the first meeting. He said: "There were no recriminations, just common feeling that something needs to be done to strengthen the industry."

Indeed, in an agreed statement the committee warned that failure to retain a strong vehicle industry could result in the loss of one in every four manufacturing jobs in the West Midlands.

Mr. Nendick said concern was expressed that the interdependence between vehicle assemblers and component manufacturers might not be appreciated outside the region. "It might be thought that we can afford to allow assembly to decline and we will still have a strong domestic components industry. That is certainly not the view of the manufacturers. Without a strong home market the strength of component suppliers to export would be eroded."

The latest production and sales figures issued by the Society of Motor Manufacturers and Traders underline the disturbing trends. While sales of cars in the first six months of this year reached a record 1,037,330 imports of cars took 55.44 per cent of the UK market—also a new peak.

Weekly average production by the UK car industry in the first four months of the year—admittedly a period affected by the road haulage strike—was well down on the previous year at only 24,342. A disappointing performance by BL Cars contributed to the shortfall.

The only compensation for the components suppliers is that production of commercial vehicles and buses is higher and the decline in tractor output has been halted.

Birmid Qualcast has attributed the 600 redundancies it is currently negotiating at its Smethwick foundry to the continuing decline of vehicle assembly. With spare capacity of up to 30 per cent rife in the components sector, further rationalisation and redundancies can be expected.

The issue of immediate concern to Birmingham suppliers to the motor industry is the potentially damaging strike by more than 5,000 production workers at the two Coventry factories of Talbot, formerly Chrysler UK.

## Impact

The impact of the action, which centres on the annual pay round, will not be felt until early August when Talbot plans to return from summer holidays. The shutdown of the Stoke engine factory, Coventry, will bring all production rapidly to a standstill because components are supplied to the truck plants at Dunstable and to Linwood, Scotland, for assembly of the Avenger and Sunbeam models.

Talbot, a member of the French PSA Peugeot-Citroen group, has already warned the work force that strike action would almost certainly mark the start of a rundown in the size of the company.

Birmingham suppliers have been hit this year already by disruption of the Talbot contract to supply more than £100m of component kits to Iran. The political troubles in Iran meant that work on the order has been at a standstill in Coventry for most of this year.

Confronted with such a difficult home market, suppliers are maintaining their drive to expand overseas sales. An example of the efforts being made is provided by Triplex Safety Glass, a Birmingham-based subsidiary of the Pilkington group with about 90 per cent of its £60m a year sales goiong to the vehicles industry.

Mr. John Pashley, Triplex managing director, says that ten years ago exports were negligible but now account for around 12 per cent of an expanding turnover. The target within the next five years is to push the proportion up to 25 per cent.

For a company with the resources and technology of Triplex, breaking into new markets and expanding overseas sales is feasible. But for the hundreds of smaller engineering and metal components companies throughout Birmingham that depend on the vehicles industry the problem is far different. In many ways it is such companies with their resourcefulness and entrepreneurial flair that are the lifeblood of the city and the seedbed of new ventures.

Companies such as Lucas Industries and Guest Keen and Nettlefolds which started in Birmingham but have spread their activities around the world are now in a position to take advantage of international opportunities. Both are currently establishing manufacturing facilities in the U.S.: GKN to supply universal joints and Lucas to produce electronic fuel injection equipment.

The project upon which the hopes of many of the smaller Birmingham suppliers must rest is the new Mini Metro, scheduled to go into production next year at Austin-Morris'

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# Pressure builds up on the wage front

BIRMINGHAM employers are bracing themselves for a difficult winter. Many seem to have set an upper limit for an increase in workers' earnings of around 15 per cent over the next 12 months. The question is whether such a level is realistic and the extent of industrial disruption that might have to be suffered to achieve it.

Pressure is already building up on the wages front with shop stewards pointing to the mounting pace of inflation. Employers expect to face demands for pay agreements of less than 12 months and for index-linked deals.

Union leaders, admittedly chastened by the controversial picketing and strikes of last winter, point out that it will be difficult to restrain workers in the forthcoming pay round.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers and a man familiar with Birmingham industry as the former executive member for the area, has warned already that moderate union leaders have lost the struggle to persuade members to accept moderate pay deals.

It is ominous that under Mr. Duffy, a moderate, the union should be embarking upon the first national engineering industry overtime ban and series of one-day strikes for some years. The Confederation of Shipbuilding and Engineering Unions has instructed more than 2m workers to start the overtime ban from next Monday.

Whether the action represents a good test of militancy within the Birmingham area is a matter for debate. Though many workers can be expected to respond loyally to the union's call, there is likely to be little enthusiasm for a dispute which centres on minimum pay rates. Most engineering workers in Birmingham are already on higher rates than those currently demanded in the national negotiations and stand to benefit in the main only from the increases in overtime and shift payments that form part of the total package.

It is early days yet to forecast just how militant workers will be in pursuit of their wage demands. But few union officials believe that the income tax reductions made in the recent Budget, but still to be felt in pay packets will exert much of a moderating influence.

"The key issue is price rises," says Mr. Phil Povey, divisional officer for the AUEW. "The way inflation has taken off since the latest VAT increase, I dread to think what will soon be regarded as a 'reasonable' pay increase."

He complains that nothing is being done to restrain wage expectations. "There is no breaking mechanism now—it is a free for all. At least under the Labour Government workers could see that an effort was being made through the Price Commission to bring inflation under control."

## Climate

Both union leaders and management would agree that the pay bargaining climate is certainly different from that which has applied in the last two wage rounds when the Government tried to enforce a 10 per cent and then 5 per cent upper limit.

Birmingham Chamber of Industry is urging the Government to establish some form of "pay determination council" or "pay review board." Sir Robert Booth, the former president of the Chamber, has stated the need to give a lead even in free bargaining. He said: "We wish to work towards a situation in which bargaining is responsible as well as free, and this will require a concerted change in the attitudes of all those involved in pay negotiations.

The Chamber has recommended that the Government, employers and the TUC should each appoint one representative to a forum which would then select two additional "non-aligned" members as chairman and vice-chairman.

Sir Robert maintains that such a body would have a role in creating a longer-term understanding of "real cause and effect in pay bargaining." From the outset it could monitor pay increases on a national level and provide facts to counter inaccurate or inadequate information.

The Government so far has shown little inclination to make a quick response to demands such as those made by the Birmingham Chamber. For the present it seems content to issue warnings of the impact excessive wage increases will have on employment.

Such an attitude may have a longer-term influence but seems unlikely to temper pay demands in the current round. In Birmingham, with its tradition of full employment and high earnings, there is little fear of unemployment. Indeed, it could be argued that stressing the risk to jobs could be counter-productive to the extent that it raises the prospect of redundancy payments.

The management warning of the effect strike action could have upon the operations of Talbot, formerly Chrysler UK, seemed to have little effect on more than 5,000 workers who have walked out of the company's two factories in Coventry.

Employees there are fully aware that they cannot rely on Government support. They did not believe management was bluffing when it said action "could mark the start of a run-down in the size of our company." They are on strike nevertheless, apparently because of a genuine feeling of grievance about the pay on offer.

It remains to be seen whether there will be similar frustrations expressed at other companies. BL Cars, which has big plants in Birmingham, is not due to implement the annual wage award until November. Last year workers settled for the required 5 per cent plus the prospect of self-financed parity payments.

The programme to achieve parity—the same wage for the same job regardless of plant—by November this year has slipped already and frustrations are building up. While workers at Longbridge, as a low-paid plant, stand to gain about £8 a week from the programme those at Solihull get only a marginal increase.

It seems likely that management will have to press for the introduction of its much-heralded self-financing incentive scheme if it is to both meet the workers' aspirations and achieve production targets. Such a move undoubtedly would provoke some union opposition since, inevitably, it involves the loss of more jobs.

## Flexible

Longbridge, where management wants to introduce new flexible working methods ready for production next year of the Mini Metro car, could also suffer labour problems this winter.

One relief to the motor industry is that Lucas Industries, where most groups of workers settle in July, seems this year to have avoided militant action.

Many companies are obviously exploring productivity schemes as the way to provide cash for higher pay awards. The quest is for real improvements rather than bogus deals. The emphasis this year is on meaningful incentives to raise lagging production and efficiency.

In the words of one Birmingham personnel director: "Trade unions must realise we are now into a period when wages depend upon the ability to pay. If they want the money, they must earn it first."

**A.S.**

*Work proceeds on the new assembly track for the Mini Metro car at Longbridge, where management hopes to introduce flexible working methods ready for production next year*

# Concern

CONTINUED FROM PREVIOUS PAGE

Longbridge plant, Birmingham.

More than £275m has been committed to the scheme and a new 750,000 sq ft body plant has already been erected on a 48-acre site next to the existing complex. The company has evaluated production methods throughout the world and claims that the new plant will have a system more advanced than any in the British motor industry and comparable to any in Europe. The highly-automated plant will require entirely different working practices and a considerable improvement in productivity. Labour relations have been troubled at Longbridge over the past two years and it remains to be seen whether management can secure the co-operation of the workforce ready for the smooth introduction of a model that is likely to determine the very viability of the Austin-Morris operation.

Already there has been a shakeout of labour at the Longbridge plant which, with its more than 20,000 employees, is the biggest of BL Cars' factories. Workers have achieved the productivity targets necessary to trigger the controversial parity payments intended to standardise wages across the company. But Longbridge stewards can be expected to demand additional payments as compensation for the new flexible working methods connected with the Mini Metro—a concession which management would find it difficult to make without triggering counter claims at other plants.

BL Cars' other major investment project is in Birmingham where it is planned to nearly double production at Solihull of Land-Rovers and Range Rovers by 1982. The first £30m phase of the £285m programme is near completion.

A new V8 engine assembly track has been installed at the Acocks Green factory, Birmingham, with a capacity of more than 2,000 units a week. About £3.5m has been spent to step up axle manufacture at Solihull and the Perry Barr factory, also in Birmingham. Another £3.2m was invested to increase output of Range Rover gearboxes at Tyseley.

The first phase of the expansion programme provides for output of Land-Rovers to increase by 150 to 1,500 a week and for Range Rovers to rise by 150 to 450.

Management took a tough line with the trade unions last winter before starting the second phase of expansion. Contractors were called off the Solihull site and work halted until shop stewards gave an undertaking to operate a double shift system.

Whether or not management will be able to achieve the promised productivity levels remains a key question. Successful expansion of output of Rover's popular four-wheel drive vehicles certainly offers the prospect of a profitable venture that could make an important contribution to the longer term future of BL Cars.

On the issue of labour relations within the Midlands motor industry as a whole, the ad hoc committee set up by the regional economic planning council wants to explore how a positive contribution can be made.

Mr. Nendick says: "The question is whether or not there is sufficient awareness among workpeople and management at shopfloor level of the seriousness of the position. There really is need for change if our motor industry is to measure up on productivity and pay to that of our international competitors."

**A.S.**



# Twin strategy brings success

**PROFILE**

**METRO-CAMMELL**

FEW COMPANIES could have made a more dramatic recovery than Metro-Cammell—one of the big names of Birmingham business—which, little more than a decade ago, looked a candidate for closure. From the late 19th century to World War Two, the Birmingham-based enterprise had supplied railway rolling stock around the world.

But traditional Commonwealth markets began to dry up in the post-war years as countries strove for the independence of an indigenous rail industry. British Rail was coming to the end of a re-equipment programme and Dr. Beeching sought large scale economies by cutting back routes and services.

During the 1960s traditional suppliers, such as Birmingham Carriage and Waggon, and Gloucester Carriage and Waggon pulled out of the rolling-stock business. The private sector was squeezed as the Government instructed British Rail Engineering to meet its own needs and also compete in overseas markets.

Metro-Cammell responded to the mounting crisis by closing three factories in the Midlands and concentrating operations at Washwood Heath, Birmingham. As markets for rolling stock and buses dwindled, the labour force was cut from 6,000 to 1,500. Laird, the parent company, considered the possibility of a complete shutdown of Metro-Cammell.

The turning point came around 1970 with the decision by Mr. Tony Sansome, the strong-minded managing director, to pursue a twin strategy: to attack a particular sector of the bus market and to move into mass transit rail systems.

Both targets were set in advance of anticipated market growth. Both were pursued with a single-minded purpose and commitment. With hindsight, the move into rapid transit rail systems might seem fairly obvious. Metro-Cammell moved first and has established a presence and a strength in a sector where many other companies would now wish to be represented.

## Reputation

Metro-Cammell has won a series of important new orders and employment at the Birmingham factory has nearly doubled to around 2,700. The real breakthrough came in July, 1976, when the Hong Kong Mass Transit Railway Corporation placed a contract for 140 rail cars with the Birmingham-based company.

Other orders from the corporation followed and Metro-Cammell has some £170m of rail car and bus work under way at the Washwood Heath factory for export to the Crown colony. The last contract, worth £40m, was placed by the Hong Kong Government for 135 rail cars for a rail link to the Chinese border.

The reputation Metro-Cammell has won for itself in the Far East must put the company in a strong position for work on the modernisation of the Chinese railway system. There are hopes that the Chinese will electrify their railway lines, using equipment compatible with that in Hong Kong.

The scale of the Hong Kong investment in a mass transit rail system is seen very much as the exception. Mr. Sansome points out that the market is unlikely to be for complete new metropolitan systems such as those that operate in Paris or Washington. But there will be a mounting demand for more limited rapid transit systems such as the one installed recently at Tyne and Wear in north east England.

The mounting energy crisis is forcing cities throughout the world to re-examine their transport policies in order to conserve fuel and yet ensure free movement. Mr. Sansome believes the strongest demand will come from middle-sized cities with populations of between one and two million.

He thinks the United States will give the lead: "We are looking now at a project for Detroit, the very heart of the motor industry," Mr. Sansome reports with obvious delight.

Competition for new work is not only fierce but international. The latest £50m order for the Hong Kong Mass Transit Railway Corporation was won against competing bids from a Japanese consortium led by Hitachi, Mitsubishi and Toshiba, from a West German team headed by Siemens, from the Australian Commonwealth Engineering consortium, Hawker Siddeley Canada, and a group of French engineering companies.

Mr. Sansome is full of praise for the co-operation Metro-Cammell receives from British Government departments, both at home and overseas, and from UK financial institutions in putting projects forward.

But much of the company's success must stem from the determination with which projects have been pursued. Rather than spreading marketing resources thinly Metro-Cammell has chosen a limited number of schemes upon which to concentrate its efforts.

The first Hong Kong contract followed negotiations stretching over 12 months. For the final six months around 30 of the company's top executives were commuting regularly between Birmingham and Hong Kong — a 22-hour flight.

In pursuit of specific contracts Metro-Cammell now has two dozen executives in Mexico, eight in Brazil and a team in Manila.

With the management experience gained on the Hong Kong contracts, Metro-Cammell is taking important steps to broaden the service it can offer. The company's main activity will remain assembly of cars with work on the engines and controls sub-contracted to outside suppliers.

"But we are increasing our engineering resources and our ability to choose and develop high technology components for our car systems," Mr. Sansome says. The aim is to offer a complete package to a transport authority, specifying the necessary civil engineering works, track, signalling, and controls.

Metro-Cammell believes that, equipped with such expertise and having established a reputation for delivering the goods in Hong Kong, it will be well placed to meet international competition.

Consistency in winning new contracts is important for Metro-Cammell to provide a continuous workload for employees. London Transport is the Birmingham company's principal customer, accounting for roughly half the annual output of rail cars.

Metro-Cammell's bus assembly operations, employing some 1,100 workers compared with the 1,600 on rail car work, won contracts from London Transport this year and last to supply a total of 400 vehicles.

Metro-Cammell claims that with its "Metrobus," developed just three years ago, it has broken Leyland Vehicles dominant grip on the UK double-decker market and now accounts for around 50 per cent of annual sales.

Mr. Sansome maintains that the cost and speed of development of the new vehicle was only a fraction of that incurred by Leyland. "There is nothing particularly clever about that. We are smaller and faster on our feet. We don't have to have big committees. We take our own decisions."

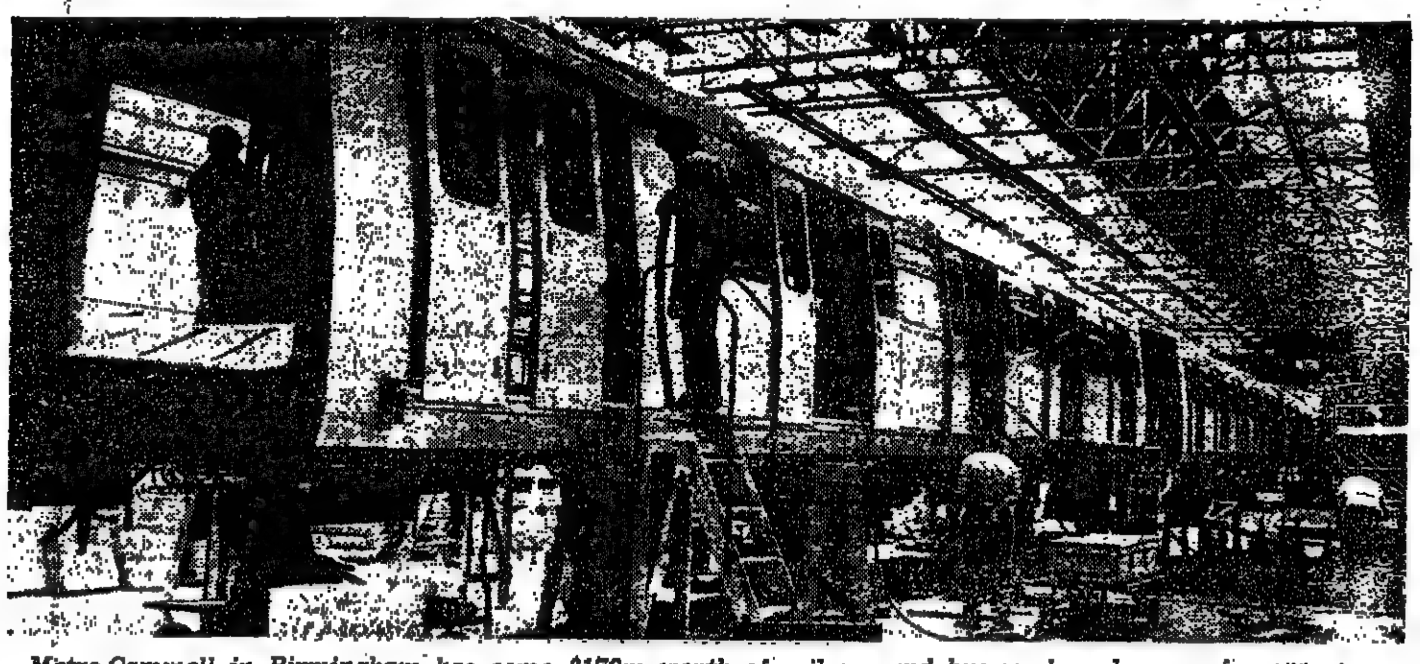
The company's Birmingham location was also an advantage. There was close co-operation with the West Midlands Passenger Transport Authority and the necessary components suppliers were on the doorstep.

"We have taken the latest and the best proven components," says Mr. Sansome. "Suppliers will carry out the development provided they have confidence your product will be right and enjoy a good market."

Looking to the future, Mr. Sansome takes a cautious view of prospects: "It all depends on the market. We are not selling consumer goods where sales can be created. Situations can change rather rapidly and you have to have your plans ready to take advantage. We are ready."

The record of recent years suggests that Mr. Sansome has built up a management team able not only to anticipate market changes but also to offer the necessary quick response. That performance is building a secure future for a once threatened Birmingham company.

A.S.



*Metro-Cammell in Birmingham has some £170m worth of rail car and bus work under way for export to Hong Kong. Above: Some of the rail cars being prepared for the Crown Colony's Mass Transit Railway*

# Small businesses win more help

AFTER YEARS of neglect and cold-shouldering by the authorities the entrepreneur and small businessman are coming into their own again. They were the people who made Birmingham famous all over the world and the reservoir from which its prosperity was constantly renewed. "The seedcorn of the future" they were called by an understanding Chamber of Industry and Commerce which had to fight hard to reverse Government policy that denuded the area of its most successful industries and prevented new technology from coming in.

The result has been pretty much as was predicted a decade or two ago. The area's ability to maintain employment has been gravely weakened by steering successful companies into the development areas. It is now seen as a policy of weakening the strong that did little if anything to strengthen the weak.

The other well-intentioned but insidiously debilitating and handicapping policy was over-concern for the environment. In the early post-war days redevelopment meant demolishing slum areas and rebuilding a better city. The city council has a right to be proud of what has been achieved, but in the process hundreds of small—and admittedly sometimes ramshackle—premises where a man could start without much capital, were also razed to the ground and nothing has until recently been put in their place.

In the immediate post-war period the city made a hopeful start with flatted factories for light engineering and other companies displaced from redevelopment areas. The first was in Islington Row, a stone's throw from the city centre, and the other at Nechells, on the other side of the city.

## Problems

The experiment was not repeated, partly because of the lack of enthusiasm at that time among potential customers, and partly because of problems of funding, supervision, maintenance and so on. The city did not relish being in business as a factory manager; it did not see it as part of its role.

But as the job situation grew worse, pressure to do something about it grew. The need to redevelop and improve the jewellery quarter, traditionally inhabited by one-man and small concerns, provided the opportunity for a new start. The Hockley Centre of flatted factories in the jewellery quarter, though built by private enterprise (the city's main role had been to buy part of the Vyse estate in order to push through its programme) was a significant change of viewpoint.

What pushed the city into a positive role as a job and industry stimulator were the inner city and partnership projects aimed at bringing life and work back into the central areas. Its involvement was cemented last year when the city council set up a Business Employment Scheme able to draw on up to the product of a 2p rate — some £2m. It currently has some £500,000 available to help start people in their own business and in expanding it. Of the first 70 applicants attracted, some saw it as a source of cheap finance, only to learn that they would have to pay the going rate for loans; 20 others were helped in other ways.

Most of the initiative for these new measures have come through the planning department, whose special industrial development group in April opened its first New Enterprise Workshop in Balsall Heath specifically to aid those wanting to branch out on their own. A former printing works was bought and converted into seven small units about as big as a double garage at a cost of £40,000. Another £15,000 was spent on a central workshop for common use.

The scheme had the unstinted help of industry, trades unions and Government services like the Department of Industry and the Manpower Services Commission. The workshop manager is Mr. Ron Isherwood, who has had considerable experience in opening and running factories, and he is assisted by a technician. There has been no call yet for marketing expertise, though one can imagine the need for it later on.

One of the first inhabitants was Mr. Frank Triggs, 31, a former lecturer in sculpture and wood carver who has turned his attention to designing and making equipment for handicapped children, as well as designing hospital playgrounds. He has commissions from Hereford and Worcester social services department and was finishing a wooden pusher car for a vaccine-damaged nine-year-old with leg ligament trouble. He is expecting to be able to move out and set up independently within a year.

Another is Mr. Ken Westbury, a hydraulics engineer who has left his company to start his own. He makes and repairs hydraulic valves and fittings, and has equipped his small workshop with a £1,1000 machine. "That's a lot of money for a chap like me and I couldn't have started on my own without all this help." He refuses to cut prices to get business. "I sell at list prices but give quick and reliable service," he says. He expects to be able to float off on his own in a year's time.

Some of the others use the facilities only at weekends, holding down a job while they build up a separate activity or develop an invention. All are licensees, paying £5 a week, with free use of the common workshop. Their progress is monitored during the first year to weed out the failures and mark those who look like being worth further investment to get on to their own feet in the second year.

The Balsall Heath premises are 8,000 sq ft. A second unit, six times larger, is to be created at disused Hockley railway yard, and eventually three or four others may be built to cater for other areas of the city.

Help is also being given to groups wanting to start a new enterprise by Action Resource Centre (ARC), a London-based organisation which has recently established a West Midlands office handily placed in the same premises as the new enterprise workshop in Balsall Heath. The inner city partnership is supporting its work in Birmingham, but in general ARC's support comes from individual industrial companies which prefer to second specialist employees at a cost of as much as £17,500 a year for a three-year stint in salary overheads and back-up help. ARC acts as a broker.

Before it will support a project ARC needs convincing evidence that it will achieve a number of aims. Among them is to provide work and/or self-help services for people in local communities; to offer a practical experiment of possibilities for linking formal education to job skills or work experience; and to examine the possibility of relating work to the concept of effort in contributing to the community in return for resources received from it. Proposals should not duplicate the work of other bodies or be a reaction to a crisis situation.

## Projects

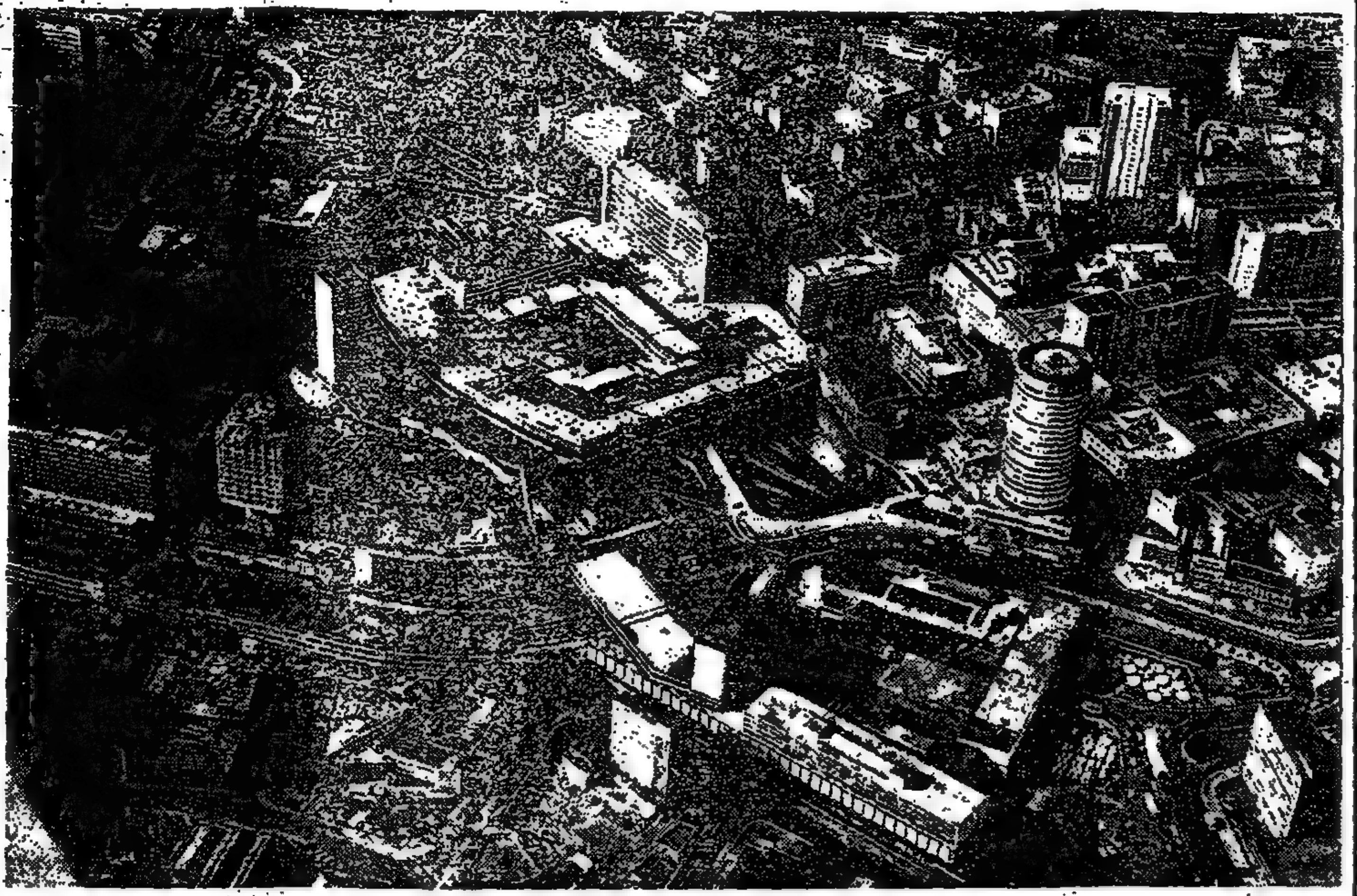
Among the projects going forward in Birmingham is aid for an Afro-Caribbean group in setting up a training workshop in Highgate, for which a graduate trainee from Delta Metals has been released to act as project advisers.

One of ARC's full-time women (the other is a secretary) is currently engaged on a survey of problems in the Deritend area, one of the oldest central wards in the city, to pin-point what they are and how companies might solve them. A group of Asian women in Saltley is being helped to set up a garment-making co-operative, and there is also a scheme for mentally handicapped adults to make furniture for mentally handicapped children.

The New Enterprise Workshop and the Action Resource Centre are two of the new initiatives being taken to reactivate small business enterprise so that the city may be assured of regaining its former status as a centre for outstanding innovation and achievement. The city's continuing role is seen as crucial to its long-term success.

**Peter Cartwright**

# Property market shows steady improvement



*In Birmingham city centre there is increasing demand for prime office accommodation, with rentals along Colmore Row and in the Cathedral area reaching up to £5 a sq ft*

THE COMPARATIVE absence of tower cranes around the city centre tells its own story of the declining building boom and provides a reason why, once again, office space is steadily contracting.

This time last year it was a customers' market, with about 680,000 sq ft available in the city centre. Now there is only just over 251,000 sq ft and little prospect of much more becoming available for some time.

In Edgbaston, which has come to compete with the centre as the commercial heart of Birmingham, and where building has been going on apace, there was 440,000 sq ft of office space on the market a year ago. Today it has dwindled to 167,000 sq ft.

In another prime area flanking the airport and the adjacent National Exhibition Centre, bracketed as Elmdon-Solihull, developers have been, and still are, active, and here at the moment 5,000 sq ft more space is available now than was the case a year ago, when 140,000 sq ft were awaiting customers. Considering that Solihull, with rental at £3.50, is just about the highest priced in the region outside Birmingham itself, that cannot be considered bad going.

At the Swan Centre at Yardley, for instance, only 14,500 sq ft now remain out of 120,000 sq ft. At Elmdon, 7,000 sq ft of the Norwich Union central area shop and office scheme comprising 37,000 sq ft, have been taken up. Elmdon Trading estate adjoining the exhibition centre has been fully taken up.

Altogether in these three areas there are currently 635,000 sq ft of vacant space compared with 1.2m sq ft a year ago. The continuation of the demand in the city centre is expressed in the letting of Berkeley House, Broad Street, to the telecommunications branch of the Post Office, which has taken all 190,000 sq ft, and at Centre City on the Smallbrook Ringway, where at long last tenants have been found for 160,000 of the 170,000 sq ft of office space.

## Rentals

At the heart of the city, along Colmore Row and around Birmingham Cathedral, rentals are fetching up to £5 a sq ft with limited redevelopment still going on. Scottish Equitable is concerned in the Rackham's Corner development, where a small extension to the stores and offices with a banking hall beneath are being completed.

Following the success of the Waterloo Street redevelopment, which has attracted several foreign banking establishments, Bryant-Samuel is developing Bennetts Court nearby, and Trafalgar House has a scheme on the corner of Church Street and Cornwall Street, on the other side of Colmore Row.

Firm plans for the former Snow Hill railway station and Paradise Circus schemes should become public shortly. The site has been an eyesore for several years and various grandiose schemes have been put forward. Now, if acceptable, the first phase will comprise 200,000 sq ft of offices, 63,000 sq ft of retail stores on a new station concourse, and parking for 800 cars.

The concourse will lead passengers to the old level of Snow Hill, which will become a commuter station later on. The development, by British Rail and the city in association with Viking Property, is one of Birmingham's largest city centre projects in recent years.

In the Five Ways and Edgbaston area not only has the longstanding reputation for having plenty of office space on offer been finally disproved, but no more major schemes seem to be on the horizon.

The takeup of space has been proceeding rapidly. All but 11,000 sq ft of the 160,000 sq ft Broadway House have gone. MEPC has almost completed the letting of Metropolitan House and Tricorn House is fully let. Edgbaston House (formerly 3, Duchess Place) has begun to fill up and so has 54, Hagley Road.

Considering that it is impossible these days to build for less than about £4 per sq ft, the £2.25 a sq ft of Tricorn House, which includes air-conditioning and carpets—with £2-£2.75 the usual spread in Edgbaston—must be considered as a bargain price. By comparison, Edgbaston House costs £3 and 54, Hagley Road £3.50. Inevitably, rents are bound to be revised sharply up the next time round.

Among the noticeable recent trends is the requirement for smaller suites and 24-hour access. In some areas demand for such premises has overtaken that for larger ones by a considerable margin.

Another trend is the deepening concern about the form of heating provided.

When the service charge was a much smaller element of the total this did not matter, but these days it is apt to be a third. With oil-fired heating the proportion is almost certain to grow faster than with gas, so that prospective clients may well in future be bargaining for a smaller rent element.

One or two landlords and agents already have begun to accelerate their programmes to convert older premises from electricity and oil heating to gas.

The industrial front has been advancing briskly and it is now problematical whether a developer would find a large site in the city. Two new estates to come on the market recently were quickly taken up.

The major one, of 25 acres, is the Fort industrial estate adjoining Fort Dunlop and close to Junction 5 of the M6. About 15 units of 4,000-50,000 sq ft should be completed by the autumn.

The other site is of six acres at Stirchley, where smaller units of 1,275-5,540 sq ft will begin to be occupied in a few weeks' time.

A number of things have combined to inspire confidence, starting with the relaxation in industrial development certificate policy (though there are still some vexatious bureaucratic delays). The tempo has increased with the introduction of new government resources and the closer involvement of the city council through the partnership scheme and its own Business Employment Scheme. For this the city has made immediately available £500,000 from the total of the product of a 2p rate—about £2m.

## Workshops

This is providing money for New Enterprise Workshops, the first of which was opened in April in Balsall Heath. These are for individuals wanting to strike out on their own, but the emphasis, especially in the inner city areas, is now on encouraging small units to get established and to help them flourish.

The increase in activity that emerged early in 1978, and produced a doubled rate of allocation of industrial sites, continues unabated. Mr. P. J. Norton, the city estates department's commercial officer, says allocations have almost exceeded the 30 a month mark compared with about 20 a year ago.

So far this year 50 acres of industrial land have been awarded, and inquiries to the property information service, which also incorporates what is available in the private sector, are coming in at the rate of nearly two a day.

"We have to be constantly on the look-out for new opportunities of acquiring land," Mr. Norton says, adding that re-zoning, the acquisition of old buildings and land surplus to that required by private owners should continue to provide sufficient sites for the future improvement of the inner city areas.

Most of the industrial land is on the north side, around Hockley, Nechells and Saltley, within a mile or so of the centre. What undoubtedly has helped to maintain the demand for small units is the new ability to acquire the freehold. Rents vary from about £2 a sq ft for the city's small units to £1.70 for big private sector ones, and up to £2.75 a sq ft for refurbished accommodation such as the breakup of big old units into ones of more manageable size and to meet the demand for smaller units.

Demand for shops in the city centre and in good suburban sites, like that for other properties and rents, has gone up in the past year without deterring investors. The inner city improvements show signs of reviving demand for retail establishments in these areas.

House prices, as elsewhere, have escalated. While the percentage increase may not be materially different than it has been for, say, the London area, the gap in prices for the same accommodation is now becoming so great as to deter managers and others from accepting jobs in London without substantial financial help.

In the reverse direction, of course, many could afford some of the best areas of Edgbaston, Harborne, Four Oaks and Solihull. Even here land prices continue to soar, with a third of an acre site for three houses fetching near to £100,000 an acre, with infill sites commanding £50,000 to £60,000 a plot.

Four-bedroomed older homes in suburbs such as Hall Green and Walmley are fetching £40,000 or more, while new houses with 4/5 bedrooms and two bathrooms at five or six to the acre in Edgbaston are now expected to go on the market at £80,000 to £90,000.

Despite the increasing prices—perhaps even because of them—some of the suburbs which gradually emptied and became tatty, are now experiencing a revival. For example, Moseley, which retained its village atmosphere for longer than almost anywhere in Birmingham—is now recapturing it.

**Peter Cartwright**

# Transport improved

AFTER TEN years of fighting to replace the widely-criticised terminal buildings at Elmdon Airport (opened 40 years ago), West Midlands County Council and airport officers now hope to see the earth-movers in action by this time next year.

By early 1984 (at the latest), a new terminal should be in operation—linked by a 500-metre "people mover" to the Birmingham International Station (which serves the National Exhibition Centre). This project will be the realisation of a dream for those who foresaw the NEC being superbly served by direct road, rail and air links.

Among UK regional airports, Elmdon is the last remaining airport with an agreement with the Department that the Government will pay 60 per cent of all approved capital of substance—this meant anything over £1,000 when the agreement was drawn up in 1960.

The agreement runs out in 1931 and there has been some hard negotiations to try to persuade the Government to fund it on the 1990 basis of the airport handling an anticipated 3m passengers, annually. In the event, a compromise was reached with the Government promising £18m towards the £23m needed on a 1985 basis.

The county will, in fact, be going for the 1990 projection costing at 1977 prices, some £30m, so the final cost is likely to rise to nearer £40m. This will leave the county to find £12m to £18m, of which £5m has already been set aside. The difference, even at the higher figure of £13m, can be covered by the product of a 3p rate.

After the cheque from the Treasury has been received, there will be the further stage of a public enquiry, which starts on September 26. That Solihull Council has already approved the plan should help to achieve the wider approval for the project, although the plan has aroused reactions from those living in Marston Green, Elmdon and within the sound path.

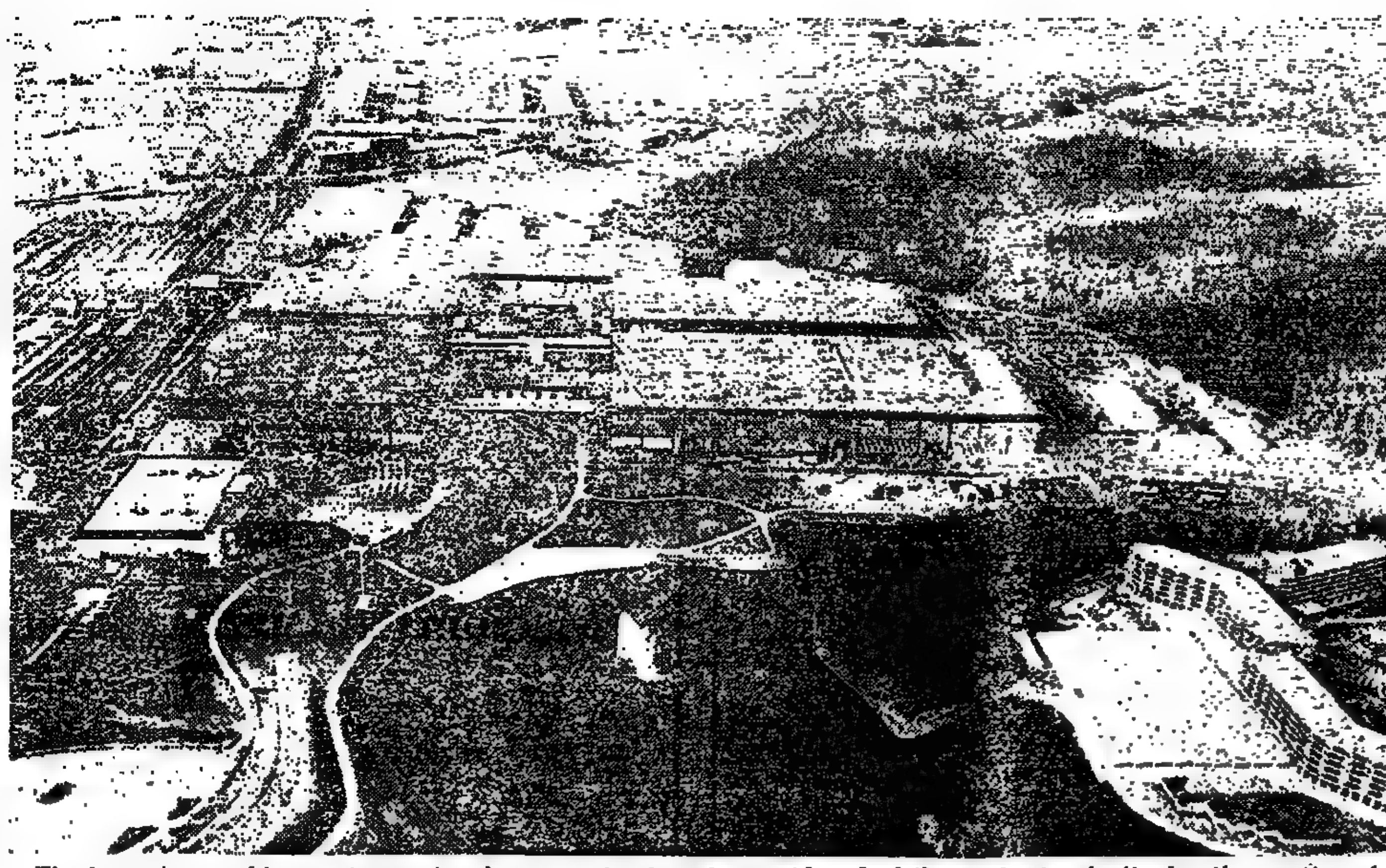
The general plan is to move the terminal to the eastern side, having two embarcation piers capable of taking wide-bodied 300-seaters such as the Tri-Star or the European Airbus A300, for which the airport is now little more than a diversionary airport.

At the moment, there are eight BAC 111/400 series based on Birmingham. Three bigger 111/500s, which will be "hush-kitted," are due for delivery after next April. Two of them will replace two of the smaller 400 series. This will leave the number of aircraft one less, but three of them will be 99-seaters, against the 81-seat capacity of the existing 400s.

The siting of the new terminal on the other side of the airfield, nearer the NEC, will involve substantial earth-moving, which is expected to take the best part of the first year. It will mean, however, that the existing terminal can continue to be available whereas redevelopment in the same area would stretch resources to the limit and beyond.

Despite extensions and modernisation, the terminal has never had adequate facilities for handling peak traffic, and disruptions, such as the French traffic controllers' strike during the bumper holiday period, last year, would produce chaos while the new terminal is being built. It will be impossible to prevent the sort of congestion that sets tempers flaring—but at least there should be the eventual consolation of a better future.

Birmingham Airport is in its third year of profit, having just declared nearly £964,000, after putting aside £250,000 towards resurfacing the main runway and a further £66,300 towards general improvements. The airport is budgeting for a small increase in profit in the current year, and anticipates a throughput of 1.55m passengers compared with 1.35m in the year just over.


*The importance of improving regional communications is considered of the highest priority for the continued success of the National Exhibition Centre*

## Facilities

Any increase in traffic is bound to put an additional burden on facilities. Even in the winter, the airport is regularly congested at morning and evening peaks. A check on a November morning showed that between 7 am and 10 am, 813 passengers were handled on-and-off eight international and six domestic flights. A rate of 300 an hour at any time produces congestion.

Any measures that can be taken to ease the path of passengers is becoming increasingly important. Not only has the proportion of businessmen chasing export business in Europe been increasing to two passengers in three, but more visitors are coming in from the Continent to see the trade shows at the Exhibition Centre. In addition, a number of international sporting events are planned—such as horse jumping, tennis and motor cycle events—which are also expected to attract supporters from Europe. While it is not too difficult at present to reach the NEC from the airport, there can be problems, particularly for foreigners, during a busy public exhibition such as the Motor Show.

The importance of improving communications is considered of the highest priority for the continued success of the NEC complex where an extra hall of 10,000 sq metres, free span, is being built. This is to accommodate major events such as the Motor Show, as well as the biggest international shows.

Airlines are also looking for extra business. Five years ago, 14 airlines were flying from Birmingham to 41 destinations. Today, there are 22 airlines flying to 51 destinations. Another, Zurich, will be added next April, and, in the spring, the Portuguese airline will be introducing a Sunday service between Birmingham and Faro, on the Algarve.

Businessmen, however, would prefer to see more conveniently timed services to enable them to make there-and-back trips in a day to obviate expensive overnight stays. They would like to see better connections, even direct flights, to some of the secondary destinations in West Germany, such as Hanover and Stuttgart. Birmingham Chamber of Industry points out that these cities are more frequently visited than Milan, for example.

The new terminal is being provided with improved road access on the A45, and, by then, the Bromsgrove extension of the M42 to the M5 should further improve road communications to the NEC/airport complex. The development of non-exhibition events to fill the quieter summer period (and to fill halls not needed by smaller exhibitions) is spreading the value of the NEC as an employment generator for the city and beyond.

The West Midlands Passenger Transport Executive is playing its part in the overall scheme by running frequent services to and from British Rail's International Station, alongside the NEC. It is also taking new initiatives to wean car commuters with bold campaigns, pointing out that those who use more than half a gallon of petrol daily will find it cheaper to buy a travel ticket. New travel tickets for students and families are also being introduced.

## Campaign

The campaign is being launched just ahead of an application for a 16.5 per cent increase in fares to help stabilise the subsidies. In the last financial year, the deficit on buses was £10.4m, and an increase would limit the rise in subsidy to £10.7m.

The combined deficit on bus and rail for the current year is expected to run out at £15.2m, just about the same as the previous year.

The PTE's strategy is, as far as possible, to integrate the two services so that bus services run into local stations to meet the trains. The needs of communities are surveyed and periodically reviewed with the aim of matching requirements as closely as possible.

Perhaps its greatest success has been the opening, with new and modernised rail stations, of the North-South Line from Four Oaks through New Street Station (in the city centre) to Longbridge. This line is carrying an average of 46,000 passengers a day, a figure not originally expected to be reached until next year. The total number of passengers carried by the PTE has doubled since 1974 and further increases are confidently expected, and plans are being made accordingly.

The redevelopment of the old Snow Hill Station site offers the possibility of re-opening the tunnel with Moor Street Station, now a terminus. This would enable a second cross-city train service to be instituted from Leamington Spa to Stourbridge. If the project is feasible, it is expected to form the second phase of the Snow Hill development.

These developments around the NEC and by the PTE will do much to reinforce the other efforts that are being made to strengthen the economy of Birmingham—long-heralded as "the city at the centre"—by helping to create a more mobile workforce and by underpinning inner city redevelopment.

**P.C.**



# New plans for the jewellery quarter

AFTER 30 years of planning, with progress—and piecemeal at that—only in recent years, Birmingham's famous jewellery quarter has at last the prospect of really coherent redevelopment and growth.

The new plan currently being considered for the first time embraces the whole of the area. It strives to meet the often conflicting attitudes and ambitions of the out-and-out redevelopers—demolish and rebuild; the conservationists who want to preserve the better parts of what was a residential area; and everyone who wants to see a strong, successful and expanding industry.

The jewellery quarter has always posed special problems which neither the trade association nor the city council has, it seems, been well equipped enough to solve. So despite the high priority that plans for refurbishing and redeveloping have had, not a great deal has been done for lack of the proper financial arrangements. There was also some hostility from the smaller and highly individualistic manufacturers, as well as from some of the bigger ones, at the thought of having to conform to a precise and rigid plan.

What has unlocked the door to a more relaxed and variable approach is the Government's inner city initiatives, which have provided Birmingham with £12.5m of funds. In particular the ability to designate an industrial improvement area has moved planning on to a different level on which the city can itself become involved far more closely in industry and with industry.

Traditionally, the role of the city as a redeveloper has been almost exclusively confined to slum clearance and rebuilding, and where industry and commerce have been concerned, in providing roads and services. As recently as two years ago planning policy for the jewellery quarter looked as though it would have to go ahead within the constraints of a plan inset in the central area district plan.

The planning objectives were to maintain the economic viability and employment levels — the jewellery quarter gives employment to well over 3,000; to conserve and improve the appearance and historic quality of the area; to accommodate current standards of safety at work; and to improve accessibility and traffic flows.

## Policy

These objectives remain. What is now being considered is crystallising a joint policy for the whole of the quarter in consultation with its representatives. Its status as a redevelopment area would be abandoned and replaced by industrial improvement area status with two conservation areas, one in the north and one in the south, in conjunction with the West Midlands County Council.

Too much of the jewellery quarter has reached a state of dereliction and rebuilding for more than a limited amount of conservation to be worthwhile, or even practical. But the Victorian Society, which has several jewellery manufacturers in membership, wants at least to see an area in the south conserved in order to retain the distinctive character of the quarter. The city planners also wish to see at least two areas preserved in order also to protect the future for the craftsmen in the trade who are either self-employed or employ only one or two others.

Conservation will not, however, mean a freeze on development or expansion. That has been made plain in respect of a third area just over the border in St. Paul's Square, where the churchyard has been refurbished to mark the bicentenary of the church, and where funds have been made available for industrialists round the square to reface and generally tidy their properties.

The jewellery quarter is not just important to the city. It is in some respects even more important than the other centre contained in London and the South-East. Of the 2,000 or so members of the British Jewellery and Giftware Federation, about 800 are in Birmingham, 1,000 in the London area and 200 in Manchester, Cumbria and Scotland mainly. While Birmingham is outnumbered, it has a preponderance over London of real jewellery firms. Those in London specialise more in giftware.

## Argument

Not all of Birmingham's contingent are in the jewellery quarter, which would seem to disprove the much reiterated argument that it is its tightly knit community that is responsible for its survival and success against international competition. In fact those who have gone beyond the boundaries of the quarter have done so generally because there was no possibility of expansion within it, and because, as component makers, they have not such a great need to have a complementary specialist in another craft near at hand.

One of the largest factories, H. Samuel, is just over the boundary of the quarter; H. A. Light, one of the biggest makers of "findings" or components in Europe, is at Kingstanding, and others have gone outside the city to Rubery and Leamington Spa.

The great majority of firms are small specialists dependent on quick access to other small specialists to produce a completed article. Some of them are now housed in the Hockley Centre, the first visible expression of replanning. This was part of Phase 1 of a city plan, and is as much a memorial to local authority anxiety over declining job opportunities in the city as to a positive desire to improve the quarter.

Indeed, until recently the city had no resources to invest in industry and Hockley Centre was built with the aid of private enterprise in the shape of the Norwich Union insurance group. The furthest the city could go was to purchase the Vyse estate properties in the quarter in order to realise redevelopment based on a comprehensive survey of 1953, and to add to other property it owned.

It was not an auspicious start. The trade was slow to take up quarters in the 91 units of the flatted factory, and in the end some had to be offered to light engineering, plastics and other companies unconnected with jewellery. This reluctance was in no small measure due to the desire of small companies to buy the freehold of their properties so as to have collateral with which to impress their bank manager when they wanted a loan for expansion or whatever.

The second phase, in the same block between Vyse Street and Northampton Street, on the edge of the proposed northern conservation area, has fared much better. All the 35 units of the still uncompleted Bryant building have been let. Once again private enterprise had come to the rescue since "there was no way the city could have provided 550 car park spaces at £1,500 a place." Negotiations over the third phase, off Northampton Street, are going on.

At the start of this redevelopment there was an outcry from those who said that the higher rents that would have to be charged would sound the death knell to one-man businesses and small firms. Indeed, the transition after the Vyse estate was bought in the mid-1960s was admittedly fairly sharp. The Howard-Vyse family had been generous and understanding landlords, and the gap between what some had been paying and the rents for new property was wide.

Mr. Veit Hermes was one of the first into the Hockley Centre. A former UK representative for a German jewellery company who acquired Thomas Harris, he pays 155p a sq ft for a growing business that has expanded into a third 500 sq ft unit, and still thinks the rent "a little on the high side." He exemplifies the new men, coming into the industry and the new thinking. In the 1977 Jubilee year "no one could go wrong," but since then the market has levelled off.

Mr. Veit is moving with the times, concentrating less on wholesaling and going more up-market with finished sterling silver products. He has pushed exports to 8 per cent of turnover and has entered the mail order business by sending catalogues to the U.S., Scandinavia and Germany from where he is attracting more business.

Mr. Reg Carr came out of a construction planning office to join his brother in Fairmont Diamond Products. "I was staggered at the lack of management techniques—all traditional 'hope for the best it was.'" Now the company has come out of the Centre and is getting installed in its own freehold property in nearby Camden Street in 4,000 sq ft premises, twice as much as previously.

## Random

The two companies were chosen at random. That both are being run by people new to the quarter or new to the industry, is an instructive commentary on the changes being wrought. Certainly it seems to be the case of traditional ways lingering on in outworn premises and a new environment encouraging new attitudes.

Traditionally the jewellery industry is a home industry and many of the premises are still the homes where master craftsmen used to ply their trade. Some large units have moved outside the quarter's boundaries, some small units now operate in flatted factories. Change is on the way, and now that the city has the means to implement an overall plan as a partner with the jewellery industry rather than imposing it in a one-sided manner, the pace seems bound to quicken. The alternative for some looks like having to submit to what Health and Safety Executive officers hand out.

**P.C.**

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## From planning to clearer strategic thinking

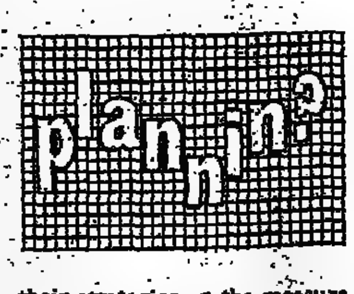
By ROGER MORRISON and JAMES LEE

AS corporate planning systems develop over the years, they tend to become ever more cumbersome, bureaucratic, and inward-looking. Proliferating paperwork diverts management's attention from the substance of strategy to the mechanics of the planning process. Strategic planning becomes a time-consuming annual chore. In such a climate, imaginative and creative *strategic thinking* is stultified.

Yet it is superior strategic thinking, not sophisticated planning systems, that underlies successful competitive strategies. Effective strategic thinking focuses on achieving competitive advantage; on gaining and holding the initiative.

Competitive advantage, of course, may be gained in various ways. Sometimes a company may be able to exploit a unit cost advantage through scale of manufacturing, low-cost sources of *raw materials, or wider distribution*. Another company may position its products competitively by creating new market segments, or by basing marketing strategies on distinctive strengths such as premium quality, value for money, reliability, status and the like. *Still another may exploit some* flexibility in the range and synergy of products, forward or backward integration, or new technologies that others lack. Or competitive advantage may be gained through speed of response and through sheer agility, always keeping one or *two steps ahead of the next* competitor.

Whatever their strategy, companies that are adept at strategic thinking seem to be distinguished from their less successful competitors by a common pattern of management practices. First, they identify and emphasise more effectively than their competitors the key success factors inherent in the economics of each business. Second, they segment their markets so as to gain decisive competitive advantage. Third, they base



their strategies on the measurement and analysis of competitive *advantage*. Fourth, they anticipate their competitors' responses. Fifth, they exploit more, or different, degrees of freedom than do their competitors. Finally, they give investment priority to businesses that *promise a competitive advantage*.

***Key success factors:*** The key success factors in any business will depend on the economics of the industry. In the airline industry, with its high fixed costs and relatively inflexible route allocations, a high load *factor is critical to success. In* the motor car industry, a strong dealer network is a key success factor, since the manufacturer's sales crucially depend on the dealer's ability to finance a wide range of model choices and offer competitive prices to the customer.

The successful strategic thinker, then, is guided by a clear business concept based on a thorough understanding of the economics of his business and of the success factors in his industry.

The manager who talks of "growing at 10 per cent" or "achieving 20 per cent return on capital" when asked to explain his business concept is no strategic thinker. The strategic thinker's reply will run along quite different lines: "We are a high-fixed-cost business. Utilisation is the *name of the game. Our* product line and pricing policies are *designed to sustain high* levels of utilization."

Or, "We have the lowest-cost sources of raw materials. Our sources are being threatened. We are investing heavily to protect them."

Or, "Reliable spares service is the key because our products *have no competitive advantage*, but the cost to our customers of a 'shut down' far exceeds the price of our products. So we are constantly improving our service and distribution system to keep one step ahead *of our main competitor, who* has a weaker system but is improving fast."

A company that has a clear business concept will use a wide range of market and economic analyses to identify the key succes factors in its business and will make these factors the basis of its strategy for beating the competition.

*Take the case of a certain* package tour operator. This man knows that he has a high-fixed-cost business and that load factor is all-important to his success. His business concept is based on achieving a high load factor by limiting his product line (*many travel operators do* the exact opposite), choosing high density routes, consolidating under-subscribed tours, and using special pricing deals to fill marginal capacity.

As a result, he achieves a load factor of 97 per cent in an industry where the average is 91 per cent. Not surprisingly, his business is profitable.

**Segmenting markets:** The traditional approach to market segmentation—*a concept used* by consumer marketeers for decades, but discovered only recently by industrial companies—is to segment markets according to certain market characteristics, most commonly *customer needs.*

The strategic thinker *typically bases his market* segmentation on competitive analysis. Thus, *he may separate* segments according to the strength and weaknesses of different competitors. This enables him to concentrate on segments where he can both maximise his own competitive *advantage and avoid head-on* competition with stronger competitors.

**Analysing competitive advantage:** Successful strategies not only capitalise more effectively on the key success factors in the industry; they build on advantages over competition, or *seek to minimise disadvantages.*

Essential to this type of strategic thinking is a sound basis for assessing a company's advantages relative to its competitors.

*Using market share as the* sole measure of competitive position is not enough. Market share is almost always the result of a number of performance variables that may be crucial to the company's success in a given business—for example, product performance, distribution effectiveness, pricing and credit terms, after-sales support, *manufacturing economics.*

The methods used by companies *to assess each of these* elements vary from simple subjective judgment to highly sophisticated analysis. But the method may be less important than the thinking it stimulates: how can the company best *exploit a competitive advantage* or minimise a competitive disadvantage once it has been identified?

An example of the measurement and exploitation of competitive advantage is provided by a company in the heavy vehicles industry. Although *lagging well behind* its main competitor in market shares, this company was neck-and-neck in product performance and had the advantage on unit costs.

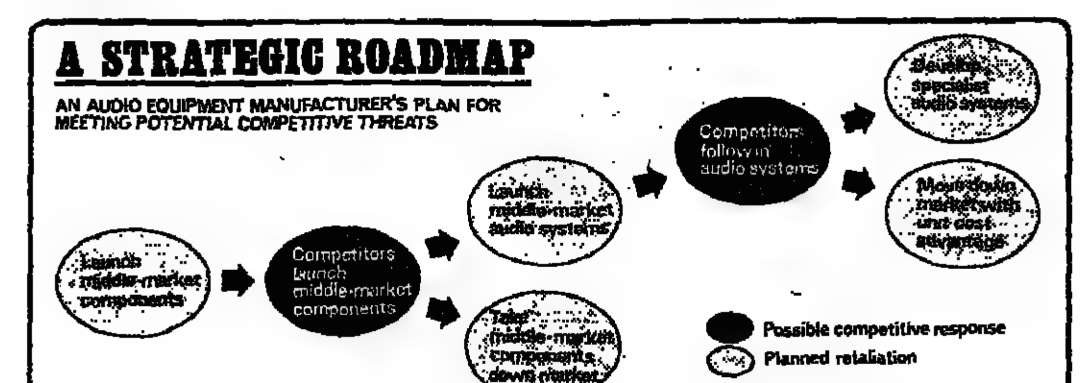
The principal competitor had developed strong exclusive distributors in each major territory, giving it a clear advantage on distribution—the key success factor in a business *where after-sales of equipment* are critical to the customer's own economics.

Recognising that its rival was in effect locked in to its distribution strategy, and therefore *highly vulnerable to competitive attack*, this company iden*tified a number of important* markets covered by substantial general dealers. Since its products were as good as those of the competition, and the margins it was able to offer considerably wider, the dealers were more than willing to substitute the company's line for that of the market leaders, particularly with the improved level *of spares and maintenance* service provided.

Here, once again, an effective competitive strategy resulted from strategic thinking.

**Anticipating competitive response:** Good strategic think*ing also implies an understanding of how* situations will change over time. Business strategy, like military strategy, is a matter *of manoeuvring for* superior position and anticipating how competitors will respond, and with what measure of success. Successful strategists *aim to keep always one step* ahead of the main competitor. They plan their moves well in advance and have contingency plans for the most likely outcomes.

A consumer electronics company was preparing to launch a line of high-fidelity components *aimed at the middle-price* market. Aware that its competitors were likely to retaliate, it developed a strategic "road-map," plotting the steps it would take to respond to the *anticipated competitive counter*-attack, and prepared its manufacturing *economics and design* to development to follow this strategy (*see diagram*).




Once the competitors had reacted to the initial launch of middle-price components, it would follow up by introducing a new line of integrated hi-fi systems for the middle market, *taking the original range of* middle-market components down *market at the same time*. Management even went a further step in their strategic thinking, anticipating the competitors' reactions to these moves. In the event, the company was able to retain the *strategic initiative*.

**Exploiting degrees of freedom:** The market leader will not only try to achieve and retain competitive advantage over time; he will also try to control the initiative by striving *to dominate the nature of the* competition—i.e., to choose the *ground on which the competitive* battle will be fought out.

The advantages are obvious: if the leader's position is threatened he can deflect the threat by changing tack, in a direction that he hopes his competitor will find hard to follow.

The strategic thinker is *therefore always searching for* new ways to compete—i.e. for more and different strategic degrees of freedom. The more degrees of *freedom* he has relative to his competitors, the *likelier he is to win.*

**Investing strategically:** Continuity of growth, particularly in a diversified company, requires constant reallocation of resources. Capital must be shifted from products that have matured to those that show potential for the future. Without deliberate and sometimes ruthless intervention, maturing products tend to go on absorbing the lion's share of capital. Strategic thinkers are rarely in doubt about which of their businesses should be absorbing funds and which should be managed to provide funds.

If a company's strategies fail to reflect the six elements con*sidered in this article, the* chances are that strategic thinking is being crowded out by the mechanics of its strategic planning processes or that both are inadequate. But the likelihood is that the management's planning energies need to be redirected from forms and *systems back to the substance* of effective strategy: beating the competition.

*I. Roger Morrison and James G. Lee are partners of McKinsey and Co.*

*This is the concluding article in a series on planning; the other contributions appeared on June 27 and 29, and July 3, 6, 10, 20 and 25. The series will be republished as a booklet in the early autumn by the FT Promotions and Public Relations Department.*

## Employee reports boom may be passing the peak

JUST over 40 per cent of companies now provide their staff with reports and accounts written especially for employees, according to a new survey of over a thousand organisations. Although employee reports are *still far from universal*, there would appear to be a decline in new interest; last year saw the smallest number since 1973 of companies which introduced them for the first time.

While several companies surveyed had introduced employee reports prior to 1971, the idea did not really catch on until the mid-seventies. Seven out of ten organisations first published theirs between 1975 and 1977; *but a third of those companies* which still do not produce such *reports said they were considering* the possibility of issuing one in the future.

The abstainers tended to be single establishment enterprises which employed fewer than 500 people; their main justification was that they were too small. They were also concerned about confidentiality of information and the possibility of it being *misunderstood.*

A large majority (84 per cent) of those companies which did produce employee reports said they did so primarily to involve employees more in the affairs of the company. And nearly half also said it was to encourage a sense of responsibility.

The author of the study, Mr. *Roger Hussey, Director of* Research into Employee Communications at St. Edmund Hall, Oxford, comments: "These are very important and laudable objectives, but it is asking a great deal of a once-a-year report to achieve them—and that is all that most companies are doing. They really should be prepared to spend more time *and effort on providing* continuous information and an educational programme on financial matters."

The cost of producing employee reports would appear to be remarkably little; well over half the companies said it cost them less than 50p a copy, but that excludes the cost of time spent by staff in preparing the *information. At the other end* of the scale, several companies costed their reports at £2.50 a copy.

Most companies (85 per cent) only issued employee reports annually, although a handful provided them monthly. The most popular way of distributing them was to hand a copy to each employee during working hours. One in eight companies posted the report to employees' homes. And one in two also sent them to shareholders.

The typical employee report, according to the study, would be *between five and eight pages* long (40 per cent of the companies), *on an A4 format* (58 per cent), illustrated with bar charts (67 per cent), illustrations (45 per cent) and perhaps pie charts (35 per cent).

It found that the majority of employee reports contained the financial highlights, usually including turnover and profit figures, although the authors comment: "It is not always clear whether the profit is gross or net, before or after tax."

The fashionable added value statement was found in 41 per cent of reports. A balance sheet *was to be found in 39 per cent* while both Sources and Applica*tion of funds and a Profit* and Loss account appeared in only one out of every four. Inflation accounting was only tackled by the very few.

The authors also warn: "Sometimes statements may be misleading, perhaps by incorrectly identifying financial items or mixing two statements together. A frequent example is the use of the expression 'the cash we had in' or a similar form of words. In a number of instances the figure given is the turnover unadjusted by opening *and closing debtors. There may* be a valid argument that accounting statements are difficult to understand but there are dangers in over-simplification."

In addition to financial information, a number of reports communicated other information, on such matters as marketing or personnel.

*Fewer than four out of ten* companies producing employee *reports conducted any form of* assessment to see what the employees thought of them.

*Survey of Employee Reports by Arthur Marsh and Roger Hussey costs £21 and is available from The Company Secretary's Review, Tolley Publishing, 102/104 High Street, Croydon, Surrey CR0 1ND.*

**Jason Crisp**

## Management abstracts

*These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to PO Box 23, Wembley HA9 8DJ.*

**Management Problems in Japanese-American Joint Ventures.** R. B. Peterson and J. Y. Shimada in The Academy of Management Review (US), Vol. 3 No. 4: p. 796 (9 pages).

Discusses cultural and philosophical differences between U.S. and Japanese society which can influence the harmony, performance and even the survival of joint business ventures; examines how these differences of view are reflected in attitudes to critical aspects of partner choice, negotiation and management.

**The Cost of Capital as a Financial Decision Tool.** S. Keane in Journal of Business Finance and Accounting (UK). Autumn 78: p. 339 (15 pages).

Notes the persistence of the *belief that management should* use some variant on the company's cost of capital for investment appraisal. Argues that (1) cost of capital—whether as a weighted average or overall cost for the company—is inappropriate as a financial decision tool; (2) the investment dis*count rate cannot be affected by* the company's financial policies; (3) given the nature of the capital market, the minimisation of cost of capital cannot be a valid corporate objective. Suggests that the decision-maker who wants some measure of cost of capital has little alternative *but to look for a security in the* market which matches his prospective investment both in risk and maturity date. A stern doctrine.

**The Quality of Work Life at General Motors.** H. C. Carlson in Personnel (US). Jul./Aug. 78: p. 11; Sep./Oct. 78: p. 64; Nov./Dec. 78: p. 21 (25 pages, charts, table)

Reviews, in question-and-answer form, quality-of-worklife *projects going on in General* Motors, some in cooperation with the trade union, and the range of approaches being used. Describes how, in one division, a separate organisation parallel to the line organisation was set up *to carry out the strategic* planning effort—in which staff *from* the line organisation spend 20 per cent of their time on planning activities and the rest doing their "proper jobs." Outlines the principles of a questionnaire completed by staff for evaluating the corporation's quality-of-worklife effort, and identifying related performance improvement.

**Forces and *Failures* in Industrial Democracy.** D. Jenkins in *Manchester Business* School Review (UK), Vol 3 *No 1: p.* 11 (eight pages)

Reviews trends in industrial democracy *in European* countries and finds that (1) the job *enrichment wave has subsided*, since it failed to move success*fully from* the artificial setting and from the close attention of behavioural scientists, (2) employee representation in the boardroom, although popular with the workforce, has not proved an effective way of influencing business decisions. Concludes that the most promising way ahead might be to combine the best features of shop-floor participation and of the legal pressure for board representatives and to *develop* the works-council concept.

LOMBARD

# Letter to a rich uncle

BY JOHN CHERRINGTON

Dear Uncle Tom,

May I first congratulate you on the result of Sir Geoffrey Howe's Budget. It must be gratifying to realise that your take-home pay or profit from your company can now rise substantially, plus of course the Rolls, the yacht and the extensive foreign travel undertaken each year for the benefit of the export drive. It is at long last becoming clear to our rulers that the entrepreneurial spirit was stifled for far too long by the dead hand of socialism.

I realise, of course, that at your present age you yourself are unlikely to feel able to be personally involved in such activity again. I understand through the grape-vine that you are selling out to Amalgamated Tin Cans Inc., remaining as chairman of their British subsidiary at your present salary plus emoluments for the rest of your life, which I trust will be prolonged.

In my modest way I am trying to emulate you, as you know, and am in the process of expanding my company in an area of regional development where I had been hoping to secure not only a grant but the employment premium as well. I now find myself in serious difficulty. As a direct result of the Budget my bank manager has intimated that my overdraft interest must now be 17 per cent (did you ever hear anything so ridiculous?) and that the bank is trying to reduce overdrafts where possible.

In addition, I have just heard that my factory is shortly going to be removed from the list of those able to receive employment premiums etc, and worse still the strengthening of the pound has meant that our main export line, "expanding corsets for pregnant Polynesians," are unsaleable in competition with those of the Americans.

So, my dear uncle, I am wondering if you could see your way to joining this new generation of adventurers, at second-hand as it were, by investing some capital in my business.

If you will agree in principle, I will acquaint you with all details.

My regards to Aunt Mary.

Your affectionate nephew,
"Basil."

My dear Basil,

Thank you for your letter and subsequent phone call. The last letter you sent me, if I remember, was from Oxford, and was couched in similar terms to start, I believe, a book shop. I advised you then to join the civil service, a job for life and an indexed pension, it is a pity you didn't.

It is true that thanks to Mrs. T. and her Government my financial position is now much improved. But I did not reach my present position by risking my resources unwisely, and I must also look to a future in which to enjoy them. But I am shocked to learn that you are borrowing money at the penal rate of 17 per cent. I built my business on a 4 per cent bank rate and can think of nothing more unstable or inflationary than the rates you are being asked to pay.

Until I make my final arrangements my surplus cash is wisely invested in gilt-edged, a guaranteed income and security. I can think of nothing worse than an investment in a development area which is losing its development status. Just think of the trouble with the unions. Nor do I think much of the suggestion of building a factory abroad as suggested in your phone call. It is true that the strong pound would facilitate investment but equally it would reduce profits returned to this country.

My plans, of course, do include foreign investment. Your Aunt and I cannot decide between Capri or Ibiza for our new house. Thanks to Sir G both the property and living expenses are easily dealt with and I can reach board meetings by company jet.

I know that you are my only heir, but I must warn you that I am in good health and am determined to enjoy to the full the good fortune that this government is allowing me. Your Aunt will inherit the whole of my property free of CTT on my death. Being a youngish woman she may marry a younger man which could reduce your expectations still further. My best advice to you is still to join the civil service or try for a seat in the European Parliament.

Your affectionate uncle,
Tom.

PS.—I am seriously concerned that there is a possibility that the Rolls, etc., may be removed from the list of allowable emoluments. My best course might be to take advantage of the removal of exchange controls and take the whole of my capital and income abroad.

# An attempt to sparkle

BY ANTHONY MORETON

AROUND BRITAIN

PLYMOUTH

TO ITS GREAT delight, accompanied by not a little surprise, Plymouth found itself upgraded last week when Sir Keith Joseph, the Industry Secretary, unveiled his cuts in regional aid. While large areas of the country were being demoted, the Devonshire city was one of the few on which the sun actually shone and it became a development area.

Plymouth has been making representations for years that both its location and its heavy unemployment warranted development area status, especially as the whole of neighbouring Cornwall and parts of North Devon were so designated. But all appeals fell on deaf ears.

According to one official in the city the Joseph "decision" came out of the blue. "Our representations had received so little favour that we had given up hoping. Then, without any notice, we achieve what we fought so hard for. Justice has now been done, because we have more problems than many places which have been development areas for a long time."

Plymouth, indeed, made a better case than some special development areas. Geographically, it is very much out on a limb, it is heavily dependent on one employer, the Ministry of Defence, and its unemployment at about 8.8 per cent is well above the national 5.3 per cent and the figure for the South West as a whole at 5.4 per cent.

Yet it is difficult to see how Plymouth is going to bring its jobless figure down significantly even with development area status. It has little spare land which might be developed and those authorities bounding the city take a jaundiced view of it purchasing land in their areas.

If there is to be an improvement much of it will have to be self-generated by companies within the city. The largest employer is the Royal Naval dockyard, which has work for about 16,000 people. At one time, just after the war, the yard employed 22,000 and while there are no plans for any further cuts it is hardly conceivable that it will expand.

Indeed, if there are any further cuts in defence expenditure (unlikely under this Government, but always a possibility with a Labour administration) Plymouth could be hit.

Not all is gloom, however. Some of the major companies in the city have expanded after a period of contraction and it is from this direction that there must be most hope. Texas Instruments, once 1,000 strong, cut its workforce to 200 but is now back to 600. And Rank Toshiba, which once had 3,500 on its books only to fall below 2,000, has crept back above the 2,000 mark.

What the city desperately needs is land. It has just 50 usable industrial acres left on two estates in the north of the city at Belliver and Estover. Some critics complain that the Ministry of Defence is hoarding land in the dockyards. But it appears that the only way the Navy could release land would be if it were to cut back its operations and, thus, its workforce.

To help matters the authorities are collecting land outside the boundaries. The city has bought 60 acres at Roborough, by the airport, and the Devon county structure plan has identified another 140 acres that might be used for industry on the eastern boundary.

However, even if there were plenty of land, Plymouth has a hard battle to attract potential companies. In the last five years it has probably had no more than six serious inquiries, despite the cheapness of its land.

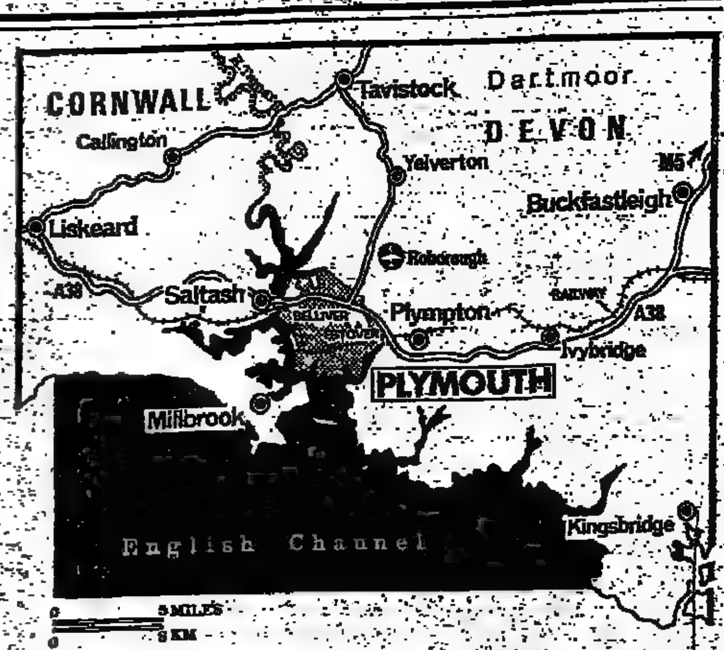
This averages £22,500 an acre freehold, which must be among the cheapest in the country.

This general lack of interest in Plymouth stems historically from its isolated position. Yet its communications are excellent. The Midlands motorway runs to Exeter and the A38 for the 42 miles between it and Plymouth has been upgraded almost to a motorway type road. It is possible to be in the heart of the Midlands in 2½ to 3 hours.

Similarly, it is possible to be in London by rail in 3½ hours and in the autumn British Rail is introducing the high-speed train onto the route which will cut a quarter of an hour off the journey.

Finally, there is its air link. Brymon Airways, was formed seven years ago, has a twice-daily service to Gatwick with the Canadian Twin Otter, aimed primarily at the businessman, and now carrying 16,000 passengers a year. Brymon has recently introduced a Plymouth-Birmingham service and, for the oil industry, a Newquay-Aberdeen run which can be easily reached from the Plymouth-Newquay air link.

There is no reason, then, why Plymouth should be considered out of touch, especially as over the last three years an energetic advance factory building programme has been commissioned.




So far, 22 have been put up, providing work for more than 200 people, and another 13 are in the pipeline.

The situation is a little easier for potential service-industry entrants. One site, at Looseleigh, just outside the centre, has a potential of 500,000 sq ft on a campus site and in the city centre there are sites for buildings up to 100,000 sq ft.

As with manufacturing industry, however, the city has had little success in attracting newcomers. Competition from Swindon, Peterborough, Bristol and Northampton has been acute and to Plymouth's disadvantage.

To overcome these handicaps the city is boosting its tourist potential. It realises it will never be a holiday resort but it has attractions as a holiday centre. This week, large crowds on the Barbican and the Hoe testify that it has had a much better season than next-door Cornwall, where the drop in holidaymakers so far has been little short of disastrous.

The city is also to make a pitch for the profitable conference business. A new 1,200-seat theatre which can be adapted for conference use is going up and hotel developments will enable it to offer a complete conference package. On the holiday front next year there will be "Drake 400," the 400th anniversary of Drake's circumnavigation of the globe, allied to which is the first European Fireworks championship. Plymouth is making an attempt to sparkle despite being out of the mainstream.

# Foreign Secretary's tough debut

RACING

BY DOMINIC WIGAN

TODAY'S Cranbourn Chase Stakes at Ascot, in which eight runners go to the post, is the most competitive maiden event of the season. Here, Vincent O'Brien's Foreign Secretary makes his racecourse debut in the face of strong opposition from Get Stoned, Imperial Ace and Laska Floko.

If Foreign Secretary, one of the dearest yearling purchases *of all time*, at $725,000, is to make his mark on the racecourse he must win with authority. The Secretariat chesnut, whose dam, that top class sprinter in France, Lady Victoria, has already been responsible for Northern Taste, seems certain to head the market following reports of sparkling homework.

Luca Cumani, who took the corresponding event a year ago through Lazy Dynamite, has been having a lean time of it this season due to the virus. But Get Stoned could give him his third winner of the campaign. Doctor Boffa's Home Guard colt ran his best race to date at Newmarket recently: finishing fourth of 19 behind Vincent in a 10-furlong event. That run, only his third, will have brought Biskrah's half-brother on a few pounds and I would not care to oppose him.

A trainer who has been enjoying very different fortunes to Cumani is Michael Stoute, responsible for six winners last weekend. With everyone aware of the peak form being shown by his 100-strong Beechurst string, the hitherto luckless Imperial Ace will also figure prominently in the market.

A head runner-up to Sergei in maiden company at Sandown on his debut, this highly attractive son of Buss then occupied the same position behind Vincent in a similar event at Newmarket. Imperial Ace, fully entitled to his bracket following those runs, is owned by Sir Gordon White who also deserves "a break" following Greville Starkey's mishandling of Hardgreen at Newbury.

If Hardgreen's campaign has been a disappointment to his connections, then the same must be said with even more emphasis about Laska Floko. The subject of a continual flow of favourable reports in the spring, the Captain Lemos-owned colt has, since, continually disappointed and few will forget his finishing tailed off last in the Derby.

In a race likely to provide the afternoon's busiest betting market, Foreign Secretary may have most to fear from Get Stoned.

ASCOT
2.00—Foreign Secretary***
2.30—St. Terramar
3.00—Nikitina
3.30—Bozovici**
4.05—Quite Candid*
4.35—Early Tudor

# TV Radio

## BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.30 Roobarb. 9.35 Jackanory. 9.50 C.B. Bears. 10.10 Why Don't You . . . ? 10.35 The Flashing Blade. 12.45 pm Pawb Ye El Fro. 1.15 News. 1.30 How Do You Do? 1.45 Show Jumping: The Embassy Hickstead Tankard. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Agaton Sax and the Feast at Byoping. 5.10 We're Going Places. 5.35 Captain Pugwash.
5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 Star Trek
7.40 It Ain't Half Hot Mum
8.10 Des O'Connor Tonight
9.00 News
9.25 Petrocelli
10.15 Spike Milligan in Q7 (London and South-East only)
10.45 Regional, National News
10.50 Swimming
11.30 The Late Film: "The Underground Man"

All Regions as BBC-1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Beechgrove Garden. 10.45-10.50 Regional, National News.

Wales—11.30-1.15 pm Cricket: Glamorgan v India. 1.30-1.45 Bys A Bawd. Between 1.45-4.20 pm (During Show Jumping) Cricket. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.15-7.40 Ask The Family. 10.15 Gwibdaith I Lanelwedd. 10.45-10.50 Regional, National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Talking Sport. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Times Remembered; Midlands (Birmingham) Tell Me . . . Enoch Powell; North (Leeds) In Conversation; North East (Newcastle) Looks Natural; North West (Manchester) Champion Brass; South (Southampton) Personal Choice; South West (Plymouth) Peninsula; West (Bristol) The Producers.

## BBC 2

6.40-7.55 am Open University
11.00 Play School
2.15 pm Racing from Ascot
4.50 Open University
6.55 Gardeners' World
7.20 Mid-Evening News
7.30 Call My Way
8.00 Westminster
8.30 Scottish Playbill
9.00 All Creatures Great And Small
9.50 Kilvert's Diary
10.05 Top Crown
10.30 But Still We Sing
11.10 Late News
11.25 Closedown: Reading.

## LONDON

9.30 am The Living Body. 9.45 It's More Life. 10.05 About Britain. 10.30 Arms and Armour. 10.40 The Bubblies. 10.45 The Nature of Things. 11.35 Spider-man. 12.00 A Handful of Songs. 12.10 pm Pipkins. 12.30 Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Divorce and After. 2.00 Friday Matinee: Dirk Bogarde in "A Tale Of Two Cities." 4.20 Midnight is a Place. 4.50 Paul. 5.15 The Brady Bunch.
5.45 News
6.00 Thames At 6
6.30 Get Some In!
7.00 The Krypton Factor
7.30 Winner Takes All
8.00 Hawaii Five-O
9.00 Heartland
10.00 News
10.30 A Question Of Sex
11.15 The Friday Film: "Die, Monster Die," starring Boris Karloff
12.45 am Close: Personal choice with Michael Burrell

All IBA Regions as London except at the following times:—

## ANGLIA

## ATV

## BORDER

## CHANNEL

## GRAMPIAN

## GRANADA

## HTV

## SCOTTISH

## SOUTHERN

## TYNE TEES

## ULSTER

## WESTWARD

## YORKSHIRE

## RADIO 1

## RADIO 2

## RADIO 3

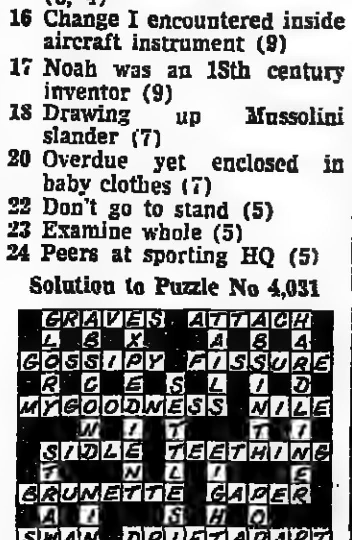
## RADIO 4

## F.T. CROSSWORD PUZZLE No. 4,032

ACROSS
1 Puzzled out (7)
5 Provide wrong yields (5, 2)
9 Sound expertise? Not at all (5)
10 Highlanders long for timber (5, 4)
11 Abuses invalid alien at rest (3-6)
12 Refuse to go away with a student (5)
13 30-1 ram started smoking (3, 2)
15 Railroad musicians into joining old-style militia (5, 4)
18 Man's legs end in yard (5, 4)
19 Rustle burden on pound (5)
21 Gather there's a master on board . . . (5)
23 . . . in the same way as Mary is ill maybe (9)
25 Investment is one to rely on (4, 5)
26 Just conservative (5)
27 First person finished without having put 26 (7)
28 Favour with small-scale bloomer (7)

DOWN
1 Timer impossible to shade (7)
2 Provide cover for handy gun-carriage aloft (9)
3 Might fill war prisoner with hesitation (5)
4 Diana's collecting a cloak to take down (9)
5 Key defeat for Polish (5)
6 Violet's part of country gains title (9)
7 Turn one's nose up at smell (5)
8 Provoked when of necessity guided (7)
14 Fastening on to breeding ground for journalists? (5, 4)
16 Change I encountered inside aircraft instrument (9)
17 Noah was an 18th century inventor (9)
18 Drawing up Mussolini slander (7)
20 Overdue yet enclosed in baby clothes (7)
22 Don't go to stand (5)
23 Examine whole (5)
24 Peers at sporting HQ (5)

Solution to Puzzle No. 4,031



Cinema

# Bizarre, beautiful and British

by NIGEL ANDREWS

*Eagle's Wing* (A), Prince Charles

*Four Nights of a Dreamer* (AA), Camden Plaza

*Buck Rogers in the 25th Century* (A), Plaza, Classic Oxford Street, ABCs Bayswater, Fulham Road and Edgware Road

Alfred Hitchcock, National Film Theatre

It is time to rejoice: Rank Films have at last banged a vigorous gong for British cinema in the late 20th century. Those who feared that the company's recent Phoenix-like resurgence as a production outfit was going to be confined indefinitely to tweedy, low-altitude British period-pieces—*The 39 Steps*, *The Riddle of the Sands*, *The Lady Vanishes*—can cast aside their anxiety. *Eagle's Wing*, a bizarre and beautiful Western, soars higher than any British-backed and British-directed film in recent memory and is the most invigorating surprise this country has sprung since Nicolas Roeg's *Don't Look Now*.

*Eagle's Wing* has some of the fractured weirdness of Roeg's film, although in setting it could not be more different. Instead of mouldering Venice, we have the rambling vastness of a Western desert, filmed by director Anthony Harvey and photographer Billy Williams in ever-billowing whirls of white cloud and dust. In one corner of this luminous wilderness two grizzled white trappers, played by Martin Sheen and Harvey Keitel, bicker across successive camp-fires. In another a haughty Kiowa (Sam Waterston) and his Indian band roam in itinerant piracy, now picking off a Comanche chief, now plundering a stage coach lined with well-to-do white travellers.

The trappers and the Indians meet: Keitel is killed by an arrow: the trappers' goods and horses are stolen. Sheen, left alone in fear and fury as the desert spreads around him, begins his wanderer's life.

At this point, what has begun to look like a glossied-up version of Peckinpah's *Ballad of Cable Hogue* takes a turn for the mystic-romantic. In a scene of eerie poetry, we see Sheen stumble in mid-desert upon a Red Indian about to kill a noble white stallion in sacrifice. It is "Eagle's Wing," formerly the Comanche chief's horse. Sheen runs to the animal's rescue, slays the Indian and rides off on his trophy—into a darkening, threatening sunset more like *Götterdammerung* than the valedictory twilights that usually grace Western scene-changes.

What follows is a sort of prolonged duel-without-rules over possession of the horse between Waterston's cunning Kiowa, who covets it for himself, and an ever shaggier and more desperate Sheen: with the sub-plot addendum of a Mexican posse pursuing the Indian for retribution after his attack on the stagecoach. The film twines its way through the silvery, dusty desert landscapes and every so often brings its two main characters face to face round sudden corners, amid sudden clusters of rock or trees. In one scene, the Indian, ingeniously submerged in a pool where Sheen has dismounted to drink, suddenly bursts out from it like some monster from the deep and rides off on the captured Eagle's Wing.

This epic cat-and-mouse story is decorated around the edges with a wonderful filigree of surreal humour. In the later scenes, drawing his horse-deprived pursuer on, the Kiowa leaves a trail of jewels and trinkets (stolen from the stagecoach) hanging tantalisingly from the trees along his path. I shall not tarnish your enjoyment by revealing the film's ending, which is as brilliant as is unexpected. Enough to say that *Eagle's Wing* shows what a fine film-making talent Britain has in Anthony Harvey, when he is not encumbered with projects of auto-destruct silliness like *Players*; and what reserves of poetry there are in British cinema if only directors could stretch their horizons and their imaginations.

*

There is more good news this week. Robert Bresson's *Four Nights of a Dreamer* opens at the Camden Plaza, bringing its mournfully exquisite beauty to London, whose filmgoers must have given up hope of ever seeing this now eight-year-old masterpiece. Much water has passed under the Pont Neuf in Paris since Bresson opened his film by depositing his lovelorn heroine there in 1971: to be saved from a suicide attempt by a young painter and offered the healing solace of his love.

The film is based on Dostoevsky's short story *White Night*, and follows it with fair fidelity: telling how the girl confides in her rescuer the story of her love for another man, a former lodger in her family's apartment: how the girl was about to drown herself in despair of seeing her beloved again (who has failed to keep a tryst at the bridge after a year's absence abroad); how the rescuer falls in love with her himself: and how, just when two wounded hearts look like joining in one, the absent lover turns up and the girl has to choose between the two men.

Visconti, who adapted the story in 1957, filmed it in a studio—Venice heavy with snow and intimations of doomed romance. Bresson updates it to Left-Bank Paris, making his hero and heroine (played by Guillaume des Forets and Isabelle Weingarten) two soulful loners on the fringe of hippy society. The girl, pale and nun-like, nurses in her memory the seductively rough-hewn means whereby her lover wooed and won her. The boy lives a life of introversion and closet romanticism, turning his paintings to the wall when callers visit, and committing his romantic daydreams to a portable tape-recorder.

A Bressonian struggle between sacred and profane love ensues, in which the director never tilts the moral balance one way rather than the other. Shot in colour photography of a stunning beauty and plasticity (even the night scenes are alive with pinpoints of colour) the film concentrates so absorptively on surface details—a blue door, a paint-pot, a lamp, a pair of walking legs—that the human feelings soak through as if by a kind of artist's osmosis. Bresson remains the nearest thing to a miracle-worker that the modern cinema has produced.

*

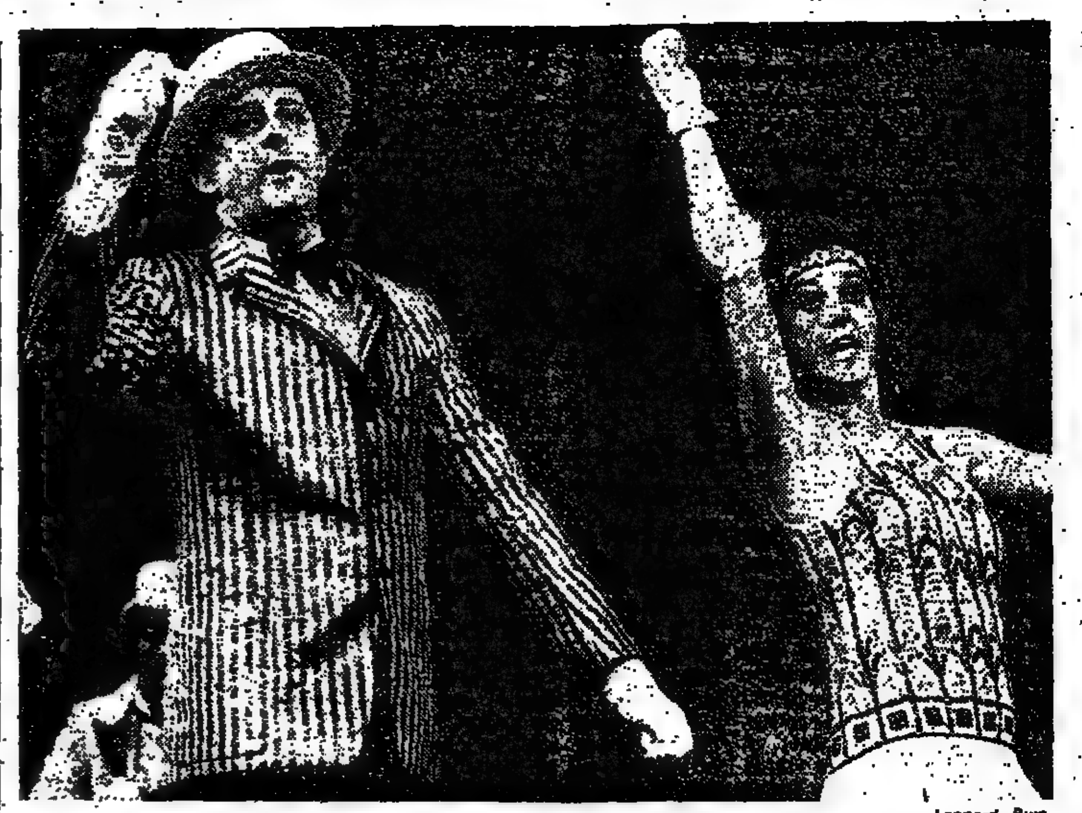
*Buck Rogers in the 25th Century* is the latest and most leaden-heeled contender in the High Jump contest of Space Movies. The film is a timely reminder that one *Star Wars* does not make a summer, and that it is still possible—pressing into service all the gimmicks and the explosions and the comic-strip dialogue pioneered by that film—to create a five-star Sci-Fi flop.

Buck Rogers, an old and none-too-cherishable hero of American space stories, is resuscitated here for the purpose of foiling a plot by the evil intergalactic princess Ardala to conquer the Earth. His weapons are his all-American good looks, his line in sub-Bond wisecracks and his array of futuristic gadgets: (including a ray-gun and a would-be cute robot called Twiki). The story is a rheumatic reprise of the Earthly Invasion scenario of *Battlestar Galactica* (complete with Trojan Horse sub-plot) and the spaceship battles clatter and whoosh around the screen like some unending pyrotechnic nightmare. Gil Gerard plays Buck Rogers, Glenn Larson and Leslie Stevens wrote the screenplay, and the director is Daniel Haller. The latter showed a good deal more imagination back in his earlier career, during the 1960s, when he was art director on Roger Corman's splendid series of Edgar Allan Poe movies.

*

There is always Alfred Hitchcock. To demonstrate the timelessness of genius, the National Film Theatre is mounting a retrospective of all Hitchcock's British films, from *The Pleasure Garden* (1925) to *Jamaica Inn* (1939). The season is in celebration of the Master's 80th birthday and I hope you will all put in an appearance. There is much to see and enjoy.

Caroline Langrishe and Sam Waterston in "Eagle's Wing."



Anton Rodgers and Gemma Craven

Leonard Burt

Globe

# Songbook

by MICHAEL COVENEY

Wiser authorities than I—most of Wednesday night's audience, by the sound of them—will adumbrate the virtues of musical parody and historical pastiche in this inspired concoction about the life of a fictional songwriter. It remains for me to report that this stunning occasion, at first glance a small scale musical all dressed up with nowhere to go, ends up as the best British musical of this year and a few years gone (by a short head from the King's Head Frank Harris saga).

The authors are Monty Norman (book and music) and Julian More (book and lyrics), last heard of in the legitimate theatre in connection with *Expresso Bongo* and *Irma La Douce* in the late 1950s. This gap in their fortunes may account for the wryly adult manner of their entertainment, which charts the career of a fictional song writer, Moony Shapiro, from the Follies of 1926, via the advent of the talkies, several global upheavals and his one musical theatre hit in 1954, to the discotheque era and death on the west coast of Ireland thanks to a power cut and the electrocuting charge of a synthesizer. The lights on Broadway went out, too.

Shapiro was an Irish Catholic born in Liverpool and befriended off a banana boat in New York by a Jewish couple. His rise is as meteoric as his collapse, a fate poignantly registered in his knack of always being in the right place at the right time with the wrong song. The show is forever bemoaning his hard luck while simultaneously giving us sound reasons for regretting it. For the songs themselves, which frequently begin as harsh parodies of better known hits (a Depression number which echoes "Buddy, can you spare a dime," hard luck with choice of proper nouns leading to "April in Wisconsin" with hilariously forced rhymes such as "dancin'" and "entrancin'") impress as every bit as good as their models. Even at the end, where the girl star of the frightful *Happy Hickory*, last seen swinging by her booties from the aforementioned tree, is discovered jiving in the early 1970s, Shapiro produces a pounding sub-rock number.

The format devised by director Jonathan Lynn is based on that of the cabaret *Side By Side By Sondheim* but also demonstrates that, inside every small musical, there are several large ones bursting to get out. In this he is superbly abetted by an incomparable cast, led by Anton Rodgers as the narrator. Mr. Rodgers, at last, grew to stardom last night, combining his role of insouciant commentator and guide with that of a highly accomplished musical performer. Letting his hair, or more accurately, his blond wig, right down in a Beatles send-up, he even sent bits of broken drum stick flying about the auditorium as the sulky Ringo.

David Healy is bright, round and cuddly as Shapiro himself, and the girls, both excellent, are Diane Langton and Gemma Craven. Miss Langton rouses the audience to song in a wartime medley of Shapiro favourites, while Miss Craven, wickedly dangling her rifle, replies for the other side with a languorous, audience-baiting rendition of "The Girl in the Window." Filling in all over the place is the extremely versatile Andrew C. Wadsworth.

The musical staging is by Gillian Lynne, the brilliant vocal arrangements by Ray Cook and the musical direction by Grant Hossack. The evening is lent a sort of seal of approval by the recorded voice of Hal Prince declining an offer to direct Shapiro's anti-racist musical, *The Red, White and Black* (inspired by the Dreyfus affair) on account of his current involvement with a little thing called *West Side Story*.

Covent Garden

# Graham Dances

by CLEMENT CRISP

At her most tremendous Martha Graham persuades us so intensely about her vision of things, about her exposition of feeling, that we can conceive of no truer view. So it is with *Cave of the Heart*, a study of Medea and her vengeance upon Jason. On Tuesday night Yuriko Kimura was the essential Medea, movement and gesture wrenched from her soul. Mad, vile, piteous, she entered, swathed in yards of purple cloth, the body of her victim shrouded in her draperies, and from the folds of the garment she allowed us terrifying glimpses of her face. This is Graham theatre, unique in fixing an image of character.

*Episodes*, also in the programme, brought the contrast of a piece in which the drama—and Graham is a great dramatist—foundered amid costuming which clothed rather than aided the action. New to London, a revival of Graham's half of that fascinating 1959 exercise in which she and Balanchine collaborated in using Webern music, *Episodes* treats of the last moments of Mary of Scotland. Like so many Graham heroines she is at the point of death, surveying in flash-back the events which are to be inwardly resolved before the headsman's axe accomplishes the story. Elegant, sooty costumes pass us by, inhabited by Mary, Elizabeth, Bothwell, but the inevitability of *Cave of the Heart*, the sense that what we see must be, is missing, replaced by an earnest simulation of drama. The dancers play their roles; at no point did I feel they became them, as Kimura became Medea through Graham's genius.

With *Seraphic Dialogue*, which was in the programme on Wednesday, I must reiterate some of my feelings about the way in which the Graham style itself has developed in latter years. It has a superlative Noguchi setting—one of the great achievements in stage design of our time—which enhances the playing out of Joan of Arc's destiny. Once again the heroine surveys her life—as maid, warrior, martyr—at the moment of death, but in the performance I was conscious of some friction between the dance manner and the mimetic passages given to the characters; I found myself wondering why such smoothly expert dancers made such raw gestures. My only answer is that while the dance itself has been polished with the passing of the years, the gestural language retains its original sharper impulse. And this lack of accord seemed present in *Frontier*, the pioneer woman's solo shown on Tuesday.

The woman (Janet Eilber, and fine) is seen standing against a fence. It appears like a ballet barre as she stretches across it. But *Frontier* dates from 1935, when ballet and contemporary dance were less amicable than they are now. Graham's pioneer (like Graham herself) offers the fence as a more natural alternative to ballet's artificiality. In performance today the distinction has blurred in Miss Eilber's beautifully danced interpretation. A puritanical integrity seems lost, the sense in which the Graham language evolved from her determination to find a weightier alternative to ballet's manner through a pioneering spirit as brave as that of this dance's protagonist.

One other new piece was presented on Wednesday. *Ecuatorial*, just a year old, is a duet for Yuriko Kimura and Tim Wengerd as celebrants of moon and sun. They look vaguely Mayan; there is much business with a cloak; they both dance splendidly; and whatever balance has been disturbed during the brief action, it is restored at the end.

Wigmore Hall

# Sydney String Quartet

I was impressed by the new Sydney String Quartet (re-formed in 1974) at their London debut two years ago. They gave a programme of Janacek, Debussy and Bartok with the poise and authority of an ensemble who had been playing together for much longer than three years—as I remember it, a stirring recital, full of fine pointing and unflagging energy.

They returned to the Wigmore Hall on Wednesday night for the first of two recitals this week devoted to Schubert and Beethoven. Both the Death and the Maiden quartet, and Beethoven's B flat op.130 with the Grosse Fuge, were delivered with energy and spirit to spare—but much less of finesse, and very little of the close focus that comes from long familiar working. We are told that in five years the Sydney Quartet have built up a repertory of more than 80 works: perhaps the time has come now to slow the pace.

In Schubert's D810, they made willing use of a broad and attractive palette of colours: but the tendency was to splash rather than touch in the lines firmly—phrasings were blurred, counterpoints indistinct. The spirit was persuasive: I liked the gay easy swing of their scherzo, and the jagged momentum of their finale. But it was not ultimately enough. Too much was imprecise, too much went for too little. In the opening movements of Beethoven's op. 130 the delivery was actually too approximate for comfort—well-meaning, but awkwardly paced, and often awkwardly tuned. There is interest and instruction to be had from almost any kind of decent performance of this tireless, timeless music; but profound enjoyment is another thing.

DOMINIC GILL

Albert Hall/Radio 3

# The Hallé

In the Beethoven first half of Wednesday's Hallé Prom, conducted by James Loughran, the strings of the orchestra were taxed by the *Grosse Fuge*, and Janet Baker was taxed by the scena, *Ah! perfido*. Yet the performances were of crucially different quality. The only argument for playing the *Grosse Fuge* with a massed complement of strings is that these will confer on the notes a security and massive clarity of tone usually missing from the heroic struggles of the originally intended string quartet. The Hallé strings were not all securely focused on the notes, and were often wispy and unclear of tone. The music emerged blurred and heavy; it was neither fully itself, nor transformed into something radically different.

*Ah! perfido* calls for a dramatic soprano. Dame Janet sounded all its notes, sometimes uncomfortably; the high tessitura strains all her resources. Yet from that sense of strain something wonderful resulted. To her unerring mastery of the classical style of singing it lent an intensity of statement often missed when singers of easier emission and longer range undertake this music. She was very moving in the gentle E flat section, and passionate without stint at the start and the close. Four Mahler songs after the interval were much more obviously her *Fach*, though in "Rheinlegendchen" one missed the refulgent warmth of an Austrian or German mezzo—the comedy was faced, as it were, head on. "*Das irdische Leben*," on the other hand, was a miniature scena of alarming power, never exaggerated.

MAX LOPPERT

Obituary

# Sydney Edwards

Sydney Edwards, the long-standing and much respected Arts editor of the London Evening Standard, died yesterday, aged 50, after suffering a heart attack. He had become inextricably associated with the Standard's annual drama awards and was on the point of completing a book to mark the awards' 25th anniversary next year. His life was his work, and he earned the warm affection of both colleagues and artists on account of his unwavering enthusiasm for, and devotion to, the cultural life of the capital. He will be sorely missed and remembered with love.

MICHAEL COVENEY

# Patricia Rozario wins Gold Medal

Patricia Rozario is this year's winner of the Gold Medal award at the Guildhall School of Music and Drama. In a competition last week she beat four other girls to win the school's most coveted award.

The adjudicator Sir Peter Pears, said she chose a programme of songs that most suited her voice.

Patricia recently won the Maggie Teyte Prize.

The Gold Medal award is held every year for singers and instrumentalists alternatively.

**FINANCIAL TIMES**

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Friday July 27 1979

# The fruits of Helsinki

THE SOVIET UNION has always been one of the most difficult countries for a newspaper to report from and about. This is partly a reflection of the size and diversity of this vast, multi-national federation and partly a consequence of the ideological nature of the regime, and the traditional habits of secrecy and bureaucracy which have survived, indeed in many ways intensified since the revolution.

At Helsinki in 1975, however the Soviet Union put its signature to documents which concluded the conference on security and co-operation in Europe. The so-called third basket of the Final acts of the Helsinki agreements includes provisions aimed at improving the working conditions of journalists. Having signed the agreement at a conference which had come about largely as a result of Soviet prompting it is legitimate for Western and other media to expect the Soviet Union to honour both the letter and the spirit.

The Financial Times has long recognised the importance of the Soviet Union and maintained a part-time correspondent there for many years. In 1976 we decided to employ a full time correspondent, Mr. David Satter, and to open a regular Financial Times office in Moscow.

### *Harassment*

The Financial Times is an international newspaper and so to a certain extent is its staff. Mr. Satter happens to be an American citizen. He specialised in Russian and Soviet studies both as an undergraduate in the United States and as a post-graduate scholar at Oxford. He speaks fluent Russian. The quality of Mr. Satter's coverage, we believe, speaks for itself.

In recent weeks however Mr. Satter has been the object of continuing harassment which is of deep concern, both to Mr. Satter and to the Financial Times. On June 17 Mr. Satter was subject to an extraordinary personal attack in the official Ukraine Communist party newspaper Ukraine Pravda. This was followed by a break-in at the Financial Times office while Mr. Satter was in Vienna covering the recent U.S.-Soviet summit. On his return Mr. Satter lodged a complaint which brought a completely unsatisfactory response, particularly as the Press compound is guarded round the clock by police. Subsequently he was informed that his accreditation, which had hitherto been renewed automatically every six months, would only be renewed for six weeks.

At this point the Financial Times delivered a strongly worded protest to the Soviet authorities. While we are naturally most concerned about the treatment accorded to Mr. Satter we also understand that this is an extreme case of a more generalised wave of harassment to which the foreign Press is currently being subjected. The Soviet Union is under international obligations to allow foreign journalists to do their work unhindered. This kind of harassment is deeply damaging to the image of the Soviet Union abroad.

### *Security*

One can only speculate about the reason for the Soviet actions. One factor may be the imminence of next year's Olympic games to be held in Moscow and several other Soviet cities. Hundreds of thousands of foreigners are expected to turn up. In Soviet eyes this poses a massive security problem. The second factor is that in autumn 1980 the second Helsinki follow up conference is scheduled to take place in Madrid. The Soviet authorities are believed to want to prevent a recurrence of activity by the various Helsinki monitoring groups which surfaced before the first such meeting in Belgrade and was widely reported.

But there may be other factors at work too. Possibly far-reaching leadership changes are bound to come soon. The economy is in trouble. The current five-year plan period ends next year and the targets will not be reached. The leadership will have to explain what went wrong.

### *Understanding*

The Soviet Union needs grain, technology and trade. Trade is a two-way street. So are the various negotiations on arms control, disarmament and reduction in tension. Progress in all these and other fields requires mutual confidence and understanding. The unfettered flow of information is vital to them all. This requires experienced and conscientious reporting. Our man in Moscow has a role to play in providing it. So do all the other correspondents. That is why we are expressing our concern and are calling upon the Soviet authorities to honour their obligations freely entered into at Helsinki.

# Profits in the public sector

WHEN A large state-owned industry like electricity reports what appear to be large profits and then announces plans for higher prices, consumers are understandably aggrieved. There is a feeling that the profits are much too high, particularly in view of the service which some of the public corporations provide, and that the Government should do something about it.

Underlying this reaction is the failure of successive governments to define the financial objectives of the nationalised industries in terms which are intelligible both to their managers and to the public. Putting this right is a more important task for the present administration than selling off parts of the equity to the private sector, however desirable this is in certain cases.

### *Utilities*

There is a clear distinction between manufacturing industries which operate in a competitive market, like steel, aerospace and shipbuilding, and public utilities like electricity, gas and telephones. There is no logical reason why companies in the first category should be in the public sector at all; the ones that are there should be returned to private ownership as soon as practicable. The second category is not incompatible with private ownership—there are, after all, investor-owned utilities in the U.S., West Germany and elsewhere—but they are monopolies and they have to be regulated.

There is long experience of public utility regulation in the U.S. While the system is far from perfect the main principles are generally workable. The objective of the regulators is to ensure that the prices charged by the utility are reasonable in relation to costs, that the target rate of return on assets is sufficient to permit the raising of finance on the market and that an appropriate balance is maintained between internal and external sources of funds. The regulators monitor efficiency on a consistent and continuing basis.

Part of the problem in the UK is the absence on an agreed standard on inflation accounting. Given the uncertainty about depreciation provisions and about gearing adjustments, the layman can be excused for wondering which of the two figures published yesterday by the Electricity Council he should take more seriously—the profit of £251m after a 40 per cent supplementary depreciation provision or the loss of £166m on a current cost accounting basis.

### *Targets*

Yet the Government cannot afford to wait for agreement on inflation accounting. Both for internal control and for external public relations, the Government must establish, as the chairman of the Electricity Council urged yesterday, clear and relevant financial targets covering the next five years. For some of the corporations this will involve a fresh look at capital structures which owe more to historical accident than to the industries' present-day needs.

There are, of course, other unsatisfactory aspects of the relationship between government and the nationalised industries, most of which were discussed in the 1976 study carried out by the National Economic Development Office. In the case of electricity there is an urgent need to take decisions on organisation.

Ministers in the present Government will no doubt be anxious to see the nationalised industries run as far as possible on commercial lines, free from Whitehall interference. But this will only be feasible if Ministers decide what they want the state corporations to do and establish a regulatory system which, among other things, reviews their price applications. Without such a system, the nationalised industries will continue to be pilloried as much for their profits as for their losses.

REFORMING BNOC, AND BOOSTING EXPLORATION

BY RAY DAFTER, ENERGY EDITOR

# A tall order and a challenge for the oil companies

IT is too early to say how much the package of North Sea measures announced yesterday by Mr. David Howell, Energy Secretary, will speed up oil exploration and development work in UK waters. Much will depend on the oil industry's response.

What is evident is that the new Conservative Government has heeded the warnings from the private oil sector that offshore activity is beginning to slip badly behind the schedule needed if Britain is to remain energy self-sufficient through the 1980s and into the 1990s.

In many ways the Government's own response to the problem was predictable—bearing in mind its attitude of industrial non-intervention and its desire to reduce public sector spending. After a series of fierce debates—more over details than principles I understand—the Cabinet has decided to cut some of the activities of the British National Oil Corporation, to open the door for private investment in the state undertaking, and to encourage swifter exploration work.

Judging by the latest drilling figures some stimulus was certainly needed. At the moment only three exploration wells are being sunk in the North Sea in addition to the 13 wells drilled in the first half of this year. This exploration rate should be set against the number of "wildcat" wells sunk in previous years: 37 during 1978; 67 in 1977; 58 in 1976; and a record 79 in 1975.

The UK offshore Operators' Association (UKOOA) has told the Government that in order to ensure the country remains self-sufficient in oil through to the mid-1990s, some 60 to 95 exploration wells should be drilled each year over the next decade. This would imply that between 12 and 19 rigs should be active at any one time.

What is more, those wells would have to maintain a fairly high rate of success because UKOOA argues that in order to meet the self-sufficiency targets some 57 to 89 additional fields must be discovered between 1979 and 1987—fields that might contain some six to nine bn barrels of recoverable oil.

It is a tall order, particularly at a time when other parts of the world are opening up new exploration areas. The world-wide race for new oil fields could well stretch resources of both skilled manpower and equipment.

A superficial glance at the statistics may suggest that Britain's exploration problem is not a critical one. The rate of North Sea production is still growing; it now accounts for almost threequarters of Britain's net oil needs and sometime next year it should provide the country with complete self-sufficiency at around 2m barrels a day.

Twelve oilfields have already been commissioned and another 11 are in the development stage. According to the Department of Energy the industry has also made 47 other significant oil discoveries quite a few of which, when appraised, are likely to be developed.

However, these figures mask the fundamental point that, to a large extent, the oil companies have already found the easiest-to-discover oil reservoirs and developed the biggest and commercially most attractive fields. Take the case of the Amoco group's North West Hutton Field, which was given development approval on Wednesday. It is quite a large prospect compared with some of the other fields now being exploited; it has recoverable reserves of 280m barrels and the potential to yield oil at the rate of 100,000 barrels a day. But it would take the development of five such fields to replace the current daily output of BP's Forties Field. It is a discomforting fact that production from Forties will begin to decline in the next year or two.

Sir David Steel, chairman of BP, concluded in a recent speech in Glasgow that the scale of further exploration and development needed to sustain the levels of production in the North Sea was going to require "a massive involvement by the international oil industry." The industry was eager to take up the challenge in the best interests of both the companies and the nation but adequate incentives must be present, he said.

The industry now has the opportunity. For while there will be no new fiscal incentives as such—at least, not for the time being—companies will be allowed much more operating freedom. No longer will BNOC have the right to sit on all offshore operating committees, a position which Mr. Algy Cluff, managing director of Cluff Oil, recently likened to "having a camp commandant sitting on the prison escape committee." (In fairness, a senior BNOC official was heard to mutter later: "What were the companies in prison for in the first place, and why were they trying to escape?")

The Labour Government—and in particular Mr. Anthony Wedgwood Benn, the former Energy Secretary—put BNOC on these committees to act as a public watchdog and advisor. Companies were concerned that the Corporation was using confidential information acquired through this monitoring role to gain an advantage in its own commercial activities. BNOC always denied this and unofficial complaints were never substantiated.

The Conservative Government feels that not only does this "player and referee" role of BNOC cause needless frustrations within offshore groups but also apparently that the information provided by the Corporation to government could just as easily be gathered by Energy Department officials. However, the department may well have to increase its monitoring staff. Its engineering division employs 70 people—a far cry from the 650 Corporation staff directly involved in offshore exploration and production.

## Commercial interests

In future BNOC will sit on the operating committees only of those operating groups which include the Corporation as an equity partner. This raises wider, and much more significant questions about the Corporation's future commercial interests. The new package of measures provides only some of the answers.

What is clear is that the state oil corporation, developed so rapidly and energetically by Lord Kearton, its chairman, and Mr. Benn, will have a different appearance in the future. It may even be split into two.

Mr. Howell has said that he wants to keep the Corporation's considerable oil trading activities in State hands, largely in the interests of security of supply. So a BNOC subsidiary or a separate State company—let us call it British Oil Trading—will continue to handle crude oil acquired by the Corporation through equity or participation interests. Although the Government will no longer insist on a State participation seat on operating committees it will still buy 51 per cent of all the fields' output: the so-called "participation crude."

At the moment BNOC is selling between 500,000 and 600,000 barrels a day of North Sea crude and within the next few years this should rise to over 1m b/d. Not only does this make BNOC one of the world's biggest oil traders, it also provides the Government with a large measure of influence over where North Sea oil should be sold. At the moment the emphasis is on keeping domestic refiners well supplied. About 70 per cent of BNOC's sales in the second half of this year will be made to UK refiners. This is almost a complete reversal of the situation in the first half when, as a result of contracts signed in 1978, the Corporation was shipping the majority of its oil abroad.

The profit from these sales more than offsets the £300m a year being spent by BNOC on offshore exploration and development. As a result the Corporation is expected to reurn a pre-tax profit of some £50m this year as against a net loss of £3m in 1978. However, the Government is obviously worried that the State enterprise has bitten off more than it can chew and in consequence it will soon be seeking ways of encouraging the Corporation to divest itself of some exploration and development activities.

Since its formation in 1976 the Corporation has acquired an equity stake in no less than 150 exploration blocks. It has an estimated 8 per cent of proven and probable oil reserves. And as an equity partner, it has a stake in six UK oil fields which are either on stream or about to be brought into production. In two of these fields BNOC is the operator.

What happens to some of these equity interests should be clarified by the Government during the summer recess—no doubt much to the chagrin of Labour MPs. Basically, there are two ideas about the future of BNOC's upstream activities.

First, the Government will probably encourage the Corporation to sell off some of its offshore assets. This would need legislation which could come either in the form of an amendment to existing offshore oil statutes or perhaps as part of wider legislation covering the sale of assets in other State corporations. However, any sale would have to take into account the Corporation's external financing commitments.

Two years ago the Corporation astutely raised $825m through a forward oil sale. The loans were made by American and British banks through a US company. Through this transaction, the Corporation established itself as an oil company able to obtain finance from international capital markets on satisfactory terms and without recourse to a Treasury guarantee. The scheme was devised by Lord Kearton and senior management to strengthen the Corporation's finances (and partly, one suspects, to frustrate possible attempts by a Conservative Government to cut back or disband the organisation).

Under the terms of the financing agreement the Corporation may find that it will soon have to pay back some or all of its outstanding loans (£150m has already been repaid). Two "final refund events" are mentioned specifically in the agreement. They are (I) Loss of, or material diminution in the group's equity interests in its principal oil and gas fields held in June, 1977; and (II) Any change in the operation of the National Oil Account that would result in a not insignificant reduction in the availability of funds from that account.

Not only is the Government proposing a sale of BNOC assets—a sale that could affect clause 1—but it is also planning to prevent BNOC from drawing on interest-free money in the National Oil Account, the repository for Petroleum Revenue Tax. Thus the stage is being set for a fundamental revision of BNOC's finances.

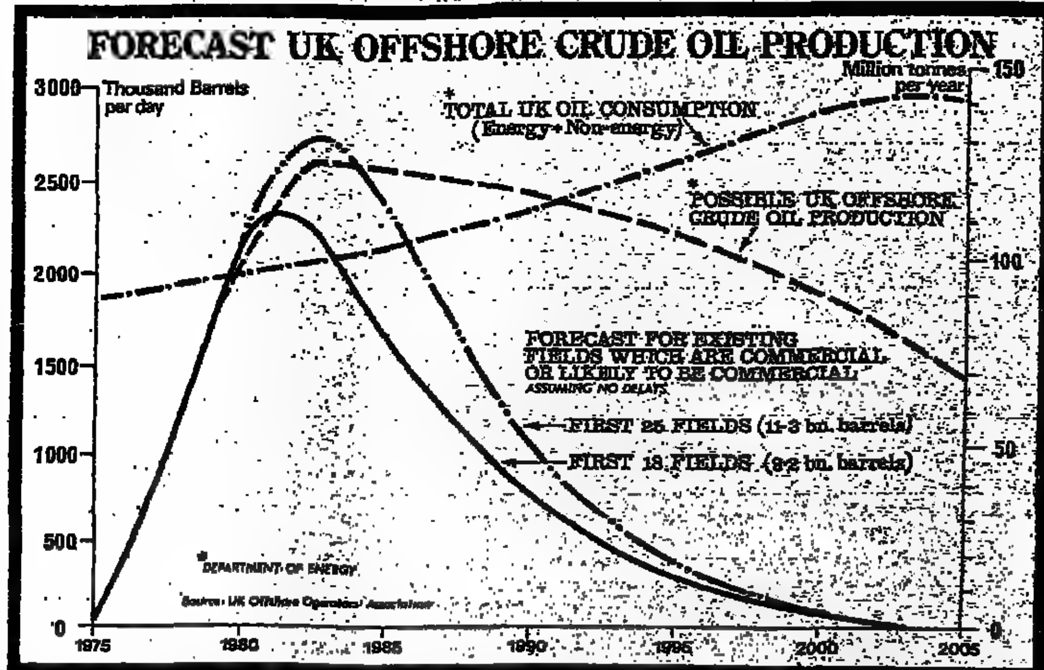
It must be said, however, that the Corporation is unconcerned. With its oil assets, it sees no difficulties in raising fresh funds.

The second change that could alter BNOC's profile would be the injection of private money, in effect the creation of another BP-type oil company in the North Sea. If this happens it is hard to imagine the two parts of BNOC—the State-owned trading company and the part-privately financed exploration group—operating under the same umbrella as at present.

This raises the intriguing question. When Lord Kearton retires—as he has told ministers he will do very shortly—will he be replaced by chairmen designate of two oil corporations?

Such questions are inevitable in a package of measures, the shape and contents of which have not yet been fully defined. However, the general tenor of yesterday's announcement will surely be welcomed by the oil industry. Mr. Howell said that the moves were designed to encourage companies to explore more widely and to invest more confidently. To start the ball rolling he has ratified the award of 14 sixth round exploration blocks to 10 groups of companies (including BNOC and British Gas).

However, the test of the Government's new approach to offshore oil and the industry's willingness to accept the challenge will come next year when the seventh round of drilling licences is negotiated. On the evidence of the offshore industry, not only those licences but also renewed exploration vigour will be needed.




**BRITISH NATIONAL OIL CORPORATION**

Equity Interests in North Sea oil fields

| Field | Operator | BNOC share of recoverable reserves (m. barrels) | Year of first production Estimates | BNOC equity (%) |
|---|---|---|---|---|
| Thistle | BNOC | 87 | 1978 | 16.2 |
| Ninian | Chevron | 267 | 1978 | 22.2 |
| Dunlin | Shell | 69 | 1978 | 12.0 |
| Murchison* | Conoco | 105 | 1980 | 33.3 |
| Statfjord* | Mobil (Norway) | 102 | 1979/80 | 33.3 |
| Beatrice | BNOC | 40 | 1981 | 23** |

* Partly in Norwegian waters. Figures relate to UK sector only.
** With option of 28% interest.

# MEN AND MATTERS

## Hectic prospect for farmer Plumb

Anyone who wonders how much political heat is lurking in the European Parliament should keep a close eye on its committee on agriculture. This will hold its first meetings early in September.

The chairman will be Sir Henry Plumb, former president of the National Farmers Union, his election in September is going to be only a formality, having been arranged already in the behind-the-scenes "carve-up" of posts. But the man who is seeking the vice-chairmanship is a more strident personality, the Gaullist leader Jacques Chirac.

The British are committed to a reform of the CAP: it is equally a truism to say that Chirac will be the advocate of the French peasant farmers and believes that "Tant pis!" is a proper reaction to farm surpluses.

When the 40-strong committee votes on these posts, Mrs. Barbara Castle will have a brief moment of glory as chairman. This role will fall to her, the leader of the Labour group on agriculture, as the oldest member of the committee.


## Card key

I knew that the credit card age had really come when I saw the notice outside the Metropolitan Police car pound in Islington: "Diners Club cards accepted." A little investigation reveals that the police are not simply favouring Diners Club—the appropriate stations will also take Barclaycards and American Express when you are obliged to unhand the current £22 to liberate your vehicle.

This embracing of the consumer society by the police does not extend to the courts. The executive officer at Bow Street tells me that hard cash apart, only cheques are acceptable for the payment of fines. What if a cheque should bounce? "The offender would be arrested," was the steely response.

There is no explanation available as to why credit cards do not suit the magistrates. Another official said the matter could not be discussed "because of the Official Secrets Act."

## Brussels bound

There will be a hole at the Foreign and Commonwealth Office, with yesterday's appointment of Michael Butler to become the British ambassador to the EEC in Brussels in the autumn. As deputy under-secretary (economic) he was one of the few members of the FCO capable of talking to the Treasury in its own terms.

But he might have been training for the Brussels job for most of his life. As first secretary at the British embassy in Paris in the early Sixties, he saw at first hand General de Gaulle's veto of British entry. It was an experience which did not make him warm to Gaullism. It is said of Butler—who clings to the Jean Monnet vision—that the French have never forgotten his pro-European sentiments.

For most of this decade he has been working on Europe at the Foreign Office. "That should not be taken to mean," he says, "that I approve of the way the Community is now operating."

He declares that on farm surpluses and the contribution to the European budget, Britain must be accommodated "in a reasonable way." As someone who was active in James Callaghan's renegotiation of the terms of entry, at least he has plenty of experience of arguing our case.

## Words of heresy

It is well known that Sir Keith Joseph is no enthusiast for J. K. Galbraith. The works of the Canadian-born telly-economist do not feature on the reading-list which the Industry Secretary likes to press upon those around him.

Once Sir Keith rather testily told an interviewer to "stop reading Galbraith." When my colleague John Elliott wrote that the Joseph reading-list included a book by Galbraith, there was a swift reply that it was not a book by him, but a critique of him.

So it was with some surprise that I turned to the book review page in the latest issue of the weekly magazine put out by the Departments of Industry and Trade. There is an illustration of the cover of Galbraith's latest book, "Almost Everyone's Guide to Economics," with an accompanying review which describes the author as lucid, entertaining and full of wit."

The anonymous reviewer does chide Galbraith for being rather dismissive of Milton Friedman, but ends by declaring that few introductions to economics "bring the reader so quickly to the heart of contemporary problems." Such sentiments may almost make Sir Keith wonder whether all his troops are with him.

## Godly message

Audiences on the American lecture circuit will shortly have the rare pleasure of being lectured to by a living god. The Dalai Lama is planning to address them at "universities, institutions and Buddhist centres."

The former god-king of Tibet, driven out by the Chinese in 1959, now has his headquarters on the top of a pine-covered hill in North India. There he presides over an emigré "government"—not recognised by any country in the world—with a secretariat and a miniature parliament of Tibetan refugees called Tibetan Peoples' Deputies.

His U.S. tour will be in September and October. Although it will undoubtedly have strong political overtones, the Dalai Lama has said at the remote hill station of Dharmsala: "I shall be making this trip mainly to meet thinkers and intellectuals.

## Longs at last

Many cynics have wondered when the colonial era would end in Kenya, the Commonwealth country where British influence is still most apparent. Kenya police force has now signalled that times are changing. It is abandoning that symbol of the district commissioners' era—khaki shorts and black long stockings.

The Police Commissioner, Ben Gethi, addressing an annual drills competition, has said no members of the force would be in shorts at next year's event.

## Going round again

Overheard in a Clapham pub: "The wife's vocabulary isn't really very large—it's just the rapid turnover."

**Observer**

POLITICS TODAY: AN END OF TERM REPORT

# Coming to grips with reality

THE CONSERVATIVE Government has been in office less than three months. Yet as Parliament rises today for the summer recess there must be a feeling that it has been much longer. Far more has happened in the last few weeks than it seemed reasonable to expect when the Conservatives won the election on May 3. The Government has already gone a good way towards carrying out the programme outlined in the Queen's Speech as well as fulfilling the broader pledges in the Party Manifesto. We know now what Mrs. Thatcher's Government is like, even if it remains hard to predict how it will react when it runs into difficulties. Certainly there is no shortage of material on which to base an end of term assessment.

Although there have been slips along the way and it is too early to make a judgment on how certain policies will work, the initial balance is overwhelmingly favourable. The Government is in control of the House of Commons, and no-one more so than Mrs. Thatcher herself when it comes to Prime Minister's question time.

If one had to pick one single dominant theme in the Government's approach so far, it would be the insistence on controlling public expenditure. That was already apparent in the budget on June 12. It has been even more apparent in the review of public spending which has been going on in the last few weeks and which will be completed in the autumn. It would be difficult to underrate the importance of this exercise.

Some attention has been given in the Press to the Government's cuts, though how one can describe as "cuts" the pruning—or even the slashing—of wholly unrealistic estimates of spending for the future defies logic. What is happening was put simply by Mr. John Biffen, the Chief Secretary to the Treasury, in the House of Commons on Wednesday. "The general objective," he said, "is the stabilisation of public expenditure in real terms."

Moreover, the review is taking place against expectations of little or no economic growth in the next year or two. There is therefore no way, short of draconian taxation, in which any Government could have stuck to the original estimates.

It is sometimes said that the so-called "cuts" will hurt, and certainly they should puncture inflated expectations. One would prefer to describe them, however, as a recognition of reality. Again what seems to be happening is an attempt to place public spending under permanent control. In the past cuts have been imposed on a one-off basis, for example, under the aegis of the International Monetary Fund. Too often projects have been simply deferred to the next year. The expectation has been encouraged that by then the economic prospects will be brighter.

There has also been a tendency deliberately to fudge the likely rate of inflation in the hope that the outturn would be better than it usually is. Thus the last expenditure white paper planned for a total rise in public spending of about 2 per cent a year in volume terms over the next four years.

As a matter of fact, the spending estimates would have had to be revised by any incoming government, and it is no secret that the Labour Treasury team was already thinking along those lines. Where the Tories differ from Labour is in their efforts to establish control on a long-term basis. They have dropped the pretence that the climate for increased public spending will somehow be better tomorrow. It may be that the economic gloom is being overdone but, if so, expenditure can always be adjusted upwards, which is better than the recurrent and enforced reductions of the past. This concentration on controlling spending is in itself enough to justify the Tories in their first few weeks in office.

The budget contained two other departures: the cuts in the top rates of income tax and the introduction of the 15 per cent VAT. The first was a brave act best done in the early life of a Government. The second has produced a certain amount of quiet hostility even within the Conservative Party. There are many Conservatives who feel that there is no realistic distinction between direct and indirect taxation for those on low to medium incomes, and it is clear that they are reflecting the complaints of their constituents.

Indeed it is the increase in VAT which seems to be primarily responsible for Labour's return to the lead in the opinion polls, itself a remarkable development so early in a new Government's term. The defence of Sir Geoffrey Howe, the Chancellor of the Exchequer, remains that it was best to make the switch all at once and that there will be no further rise in VAT during this Parliament. It remains to be seen whether the gamble will pay off.

Where the Government has clearly gained is in the emergence of Sir Keith Joseph, the Industry Secretary, as a moderate rather than an ideologue. None of the statements that have flowed from his Department over the past couple of weeks have been anything other than pragmatic with a few Tory frills. The new regional policy is essentially a piece of administrative tidying up which might well have been undertaken by a new Labour Administration. It is noticeable, in fact, that the sniping at Sir Keith nowadays tends to come more from the Tory Right than the Tory Left.

Freddie Mansfield

The Treasury Team (left to right): Mr. Peter Rees, Minister of State, Mr. Nigel Lawson, Financial Secretary, Sir Geoffrey Howe, Chancellor of the Exchequer, Mr. John Biffen, Chief Secretary, Lord Cockfield, Minister of State.

Equally, there appears to be no attempt to impose the same formula on each nationalised industry. There is to be a cut-off point, for example, for government funding of the losses of the British Steel Corporation, but not for the losses of British Shipbuilders. The Government's aid to shipbuilding will probably turn out to be at least as generous as that of its predecessor. The break with the past consists largely in refusing to accept target figures for output or employment in the shipyards that may turn out to be unrealistic. Again, as in the approach to public spending in general, the dominant note is one of accepting reality.

There are, of course, the plans to sell off parts of the public sector to private shareholders. That at least is distinctively Tory, but there is still more than a touch of pragmatism and there is some evidence that the Government has changed its mind on the modalities since it took office. Thus the structure of British Aerospace is to be preserved rather than its more lucrative parts sold off.

Yet if those are some of the Government's plus points, where has it stumbled so far and what are the obstacles to come? Clearly there was a moment of fright—and near-interventionism—at the prospect of a rise in mortgage rates which raised questions about Mrs. Thatcher's ability to stay calm under fire. The Prime Minister has not endeared herself either to her Parliamentary Party by her attitude to MPs' pay. There was, too, a noticeable trimming in her attitude towards Vietnamese refugees when it became clear that the reaction of many Conservatives was one of deep sympathy for their plight. Other observers may single out the rise in VAT as the main political mistake, or point to the initially disappointing performance of Mr. David Howell at Energy, though in truth that seems to have been largely due to the lethargic nature of the Department he inherited.

Those are perhaps small points, easily recoverable and anyway outweighed by the pluses. Rhodesia could be another matter. If there is one remark that the Prime Minister will find it difficult to live down, it was her statement in Canberra that she doubted very much whether the renewal of economic sanctions would go through Parliament in November.

Under the guidance of Lord Carrington, the Foreign Secretary, Mrs. Thatcher has since done some backtracking. It is clear that the Government now has a plan. The Prime Minister will go to Lusaka for the Commonwealth Conference next week in the hope that the meeting will pass off without undue incident. Britain will then submit proposals for changes in the Rhodesian constitution that would bring it more into line with those of former British colonies upon their gaining independence. On the assumption that the changes are accepted, Britain will seek as much international recognition for Rhodesia as possible, thus making the renewal of sanctions unnecessary.

It is a good plan—if it works. Yet there are pitfalls all along the way. For one thing, the plan appears to rely on the front-line African states dropping their support for the guerilla forces and coming out in favour of the amended constitution. For another, Mrs. Thatcher seems to have deprived herself of any credible fall-back position by suggesting that sanctions will be lifted in November in any case.

In so far as it exists at all, the fallback position consists of saying that Britain will be prepared to go ahead alone if necessary. Indeed, in the course of an otherwise impressive speech in the House of Commons on Wednesday the Prime Minister gave herself away when she said in answer to a question: "There is no longer any vestige of an excuse for the conflict to continue." It was left to Mr. Callaghan, the leader of the Opposition, in one of the best speeches he has ever made, to point out that some Africans might see it differently. In other words, Rhodesia has not been well handled, and the situation could get worse.

The final thorn in Mrs. Thatcher's side is the general state of the economy. It is not her fault. The Government has reacted to it as well as it could. The warning signal was given in the Budget when the minimum lending rate was raised by two percentage points. That was six weeks ago. There has been no sign of it coming down since and the Government is not pretending otherwise.

When MPs come back in the autumn, that is one of the indicators we shall all be looking at—that and the rate of inflation. For whatever may be said about the evils of unemployment, there is one fundamental truth: it is that inflation is politically more damaging because it affects more people. Next term will be harder.

**Malcolm Rutherford**

# Letters to the Editor

## Gas supply and price

*From the Director—Economic Affairs, Chemical Industries Association*

Sir,—In reporting and commenting on British Gas Corporation's annual report (July 25), you refer to the financial implications but do not pursue the consequences to industry of the Corporation's present supply and pricing policy. The contract prices for industrial supplies have been, and still are, linked to that of oil fuels. This means that, from June 1, new firm supplies, if obtainable at all, will cost about 25p/therm compared with a domestic cost, frozen by Government dictat, of around 20p/therm. When the latest round of Organisation of Petroleum Exporting Countries crude oil price is reflected in oil fuel prices the present industrial pricing basis will lead to contract prices of around 35-40p/therm.

This situation turns upside down the relative cost of supply—large industrial consumers need none of the costly local distribution network and customer services required by the small user, leading to a saving in costs of about 8p/therm. Even worse, it means that UK industry is competing on totally unfair terms with other EEC members. These have industrial fuel gas supplies on long term contract at 14-15p/therm, with domestic prices well over 20p/therm.

Whatever basis for pricing of gas in the UK is adopted in the future, the present inconsistencies between the principles applied to different classes of consumers must be rapidly eliminated, and British industry must be assured supplies at a price level no higher than applies in the rest of the EEC.

Dr. P. Caudle.
Chemical Industries Association,
*Alembic House,*
*93, Albert Embankment, SE1.*

## Commodities centre

*From the Chairman, British Federation of Commodity Associations*

Sir,—I write in support of Sir Francis Sandilands' letter (July 24) in which he exhorts the Government to match the £3m being raised in the City by a similar amount to finance the conference facilities and offices at the proposed world commodities centre in London. Without these facilities the proposed centre could not compete with those being offered by foreign governments and the international commodity organisations, for whom the centre is intended, would find it hard to resist inducement to move elsewhere.

Sir Francis has stressed the potential loss of invisible earnings. I would like to make the point that if London is to remain pre-eminent in commodities, it must be seen to be so. The possibility of commodity organisations moving away from London, or others failing to be attracted here, hardly contributes to this image. The news on another page of the same edition of your paper that recently in Geneva Britain was urged to give up its candidacy of London as the headquarters of the planned international natural rubber agreement secretariat in favour of Kuala Lumpur, underlines my point.

The City is prepared to raise £3m and Greater London Council has offered £250,000 in the belief that a world commodities centre in London would prove to be a sound investment both in terms of invisible earnings and as a sign that London is the place to do business. I hope the Government can be persuaded to do its share before it is too late.

P. G. Smith,
The British Federation of Commodity Associations,
*Plantation House,*
*Mincing Lane, EC3.*

## Starting a firm

*From the Manager, Leicestershire Small Firms Centre.*

Sir,—Mr. Musgrave (July 17) is surely too pessimistic. The Bolton Report pointed out that the raison d'etre for concern about the low birth-rate of small firms lay in their contribution to the dynamism of the economy. Employment was regarded as incidental benefit which has been seized upon by politicians faced by mounting unemployment.

The value of the Massachusetts Institute of Technology report lies in the corroboration it provides that small firms have a contribution to make to a prosperous and expanding economy. It is unfortunate that, despite the hopes of the Bolton Committee, no comparable research seems to have been undertaken in this country. It is, perhaps relevant to point out that this Centre has initiated research into the start-up situation. Although it is too early to draw definitive conclusions, there is evidence to suggest that there is a high degree of initial interest in starting a new business. The worrying aspects are either it is not carried through or, if it is, the operation is usually of the traditional and low value-added kind. While this may be attributable to the current environment and involve political, economic and social factors it is, I suggest, a legitimate subject for policy.

Mr. Musgrave seems to be enunciating a life cycle theory of the firm (birth, growth, death) which while a truism does not help in resolving the problem. A more realistic analogy, may I suggest, is that of cellular reproduction. Unless the cells are replaced at an adequate rate the body (or the economy) wastes away. Surely it is precisely this process which is affecting our current economic performance as the trade figures all too clearly demonstrate?

R. E. Parr.
*8, St. Martin's, Leicester.*

## Selling on merit

*From the Managing Director, Quantum Science*

Sir,—During the coming decades, this country has to drop its Mediaeval approach of obtaining export sales on price and changeover to obtaining orders on merit. This requires real effort to give the customer exactly what he wants. To do so, it is necessary to understand the customer's needs and this implies an ability to negotiate with the customer in his own language. This is not merely a matter of linguistics, important though that is.

It is much more a matter of understanding the customer's attitude to things like safety, maintenance, robustness, complexity and aesthetics. Those not involved in technical selling may not appreciate the vital importance of easy communication and may not therefore realise that it is essential to use units of measurement which are acceptable to the customer.

In technology, a unit of measurement is only "acceptable" if its significance is immediately understood by a numerate engineer or scientist without calculation or other mental gymnastics. To use unfamiliar units is to erect a dangerous barrier to communication and possibly to sales. In recent months, I have been involved in technical sales negotiations in metric countries where pressure has been quoted in kiloNewtons per square metre, kilogrammes per square centimetre, Pascals, and bars. In the same way, we have discussed cooling power in kilowatts, giga Joules per hour and tons (not tonnes) of ice. The French prefer to quote the output of an engine in horsepower if it is to be used in a car but in kilowatts if it is to be used as a stationary engine.

Export success for this country will depend to a much greater extent on flexibility. Because we are used to dealing in peculiar units, it requires no great mental effort for a British engineer to talk in the units preferred by his overseas customer. On occasion it may be preferable to mix units. In more isolated places, metric "O" ring seals are not readily obtainable but inch sizes are held in stock as spares for American-built aircraft. A specification which combines metric threads with Imperial seals has obtained many orders for this company.

If legislation is introduced to force us to drop Imperial measurement and thread sizes, we shall hand this advantage on a plate to the Americans. The right time to go metric is about five years after the Americans do so. In the meantime, Sir Keith Joseph might like to put the Metrication Board on a "care and maintenance" basis.

Roy Jenkins.
*Quantum Science,*
*27, St. George's Road,*
*Cheltenham, Glos.*

## Right of appeal

*From the Secretary of the Industrial Tribunals (England and Wales)*

Sir,—On July 20 you refer to the fact that the chief executive of the Forum of Small Businesses says that it is iniquitous that neither employers nor employees can appeal against decisions of Industrial Tribunals and recommends the establishment of a "legally informed appeal body consisting of, perhaps, a lawyer as chairman, a qualified personnel manager, a trade unionist and an industrialist."

The chief executive seems to be unaware that there is already a right of appeal on a point of law from the decisions of Industrial Tribunals. In nearly all cases (including all unfair dismissal cases) the appeal lies to the Employment Appeal Tribunal which consists of a High Court judge and two laymen appointed from nominations put forward respectively by employers' organisations and the TUC.

It is perhaps worth noting that in a recent case the former president of the Employment Appeal Tribunal said: "An appellant who claims that there is an error of law must establish one of three things: he must establish either that the tribunal misdirected itself in law, or misunderstood the law, or misapplied the law; or, secondly, that the tribunal misunderstood the facts, or misapplied the facts; or, thirdly . . . that although they apparently directed themselves properly in law and did not mistake, or misunderstand, or misapply the facts, the decision was "perverse . . . or that there was no evidence to justify the conclusion which they reached . . . I said that the Court would usually interfere in a case where, looking at all the primary facts, the decision on what was a point of fact appeared to the appellant court to be plainly wrong." It will therefore be seen that there is already an extensive right of appeal. I understand that at present appeals are being lodged with the Employment Appeal Tribunal at the rate of about 800 per annum.

George Fisher,
*Central Office of the Industrial Tribunals (England and Wales),*
*93 Ebury Bridge Road, SW1.*

## Calling for capital

*From Mr. A. Lucking*

Sir,—Though agreeing with you about the timing of the British Airways' offer (July 23), an organisation principally concerned with the leisure trade is a curious application for scarce public capital, particularly when its business will be curtailed drastically if fuel prices rise uncontrollably in the next decade. And taxpayers will be much relieved if private shareholders can be found to take over even part responsibility for British Airways' voracious capital appetite.

On the other hand, those looking for a near-guaranteed flow of dividends will await the sale of the British Airports Authority. Airport users look forward to the end of the Government induced "cocao tin" financing, under which all capital works have to be paid for out of revenue, and passengers pay a further toll via corporation tax.

A. J. Lucking.
*Flat 20, 17, Broad Court,*
*Bow Street, WC2.*

## Phew! What a scorcher

*From Mr. R. J. Pearce*

Sir, — Well done Mr. Brooke (July 20) pointing out further absurdities of a metric system! What worries me is the subtle way we are being brainwashed in many areas and, if quoted figures are to be anything, then a mental sum has to be worked out. For example, with the radio weather forecasts we are now being told it will be a warm day with a maximum temperature of 22 degrees C. The quick sum tells me the temperature will be 74 degrees F and this latter reading readily brings to mind a warm day. The Fahrenheit system is in general usage in the country, has served us well, and I do not think there are strident calls for its removal.

To say someone is 6 feet tall at once brings to mind a tall person, but if one were to say a person was 1.86 metres tall, this bring to mind nothing until converted back to feet and inches.

The road sign for a hill is being changed to a percentage — thus a steep hill is shown as a gradient of 15 per cent. By whose authority was this change? In everyday speech a steep hill is "one in four" not 25 per cent.

We have already suffered the loss of several fine counties, as well as the Yorkshire Ridings with the 1974 boundary changes, and it seems to me "they" wish to radically alter the British way of life.

If they say standardisation with our European friends is desirable, then I disagree, for while being political allies with other European countries surely it is essential that each country retains its national characteristics.

R. J. Pearce.
*5, Marlborough Road,*
*Castle Bromwich, Birmingham.*

## Grotesque and unfriendly

*From Mr. M. Redman.*

Sir, — The Companies Bill has now passed its report stage in the House of Lords, and it will shortly be considered by the House of Commons. It provides that every company which intends to remain a public company must change its name and include the three words "public limited company" in its title.

Whenever a company must show its name it must include those three words or the abbreviation "plc," or perhaps "PLC" will be permitted. I find this grotesque and unfriendly.

Please can anyone suggest a beter way of distinguishing public companies before the present clauses are passed by the House of Commons?

Martin Redman.
*Court Cottage, Piddinghoe,*
*Newhaven, E. Sussex.*

## Equal pay claims

*From Mr. J. Bransbury.*

Sir,—The Macarthy case referred to by Justinian (July 23) is another good illustration of the way in which much of our labour legislation breaks down when applied to "one-off" jobs.

If the European Court supports Lord Denning we shall see a number of very strange anomalies arising. Let us imagine a company about to lose two of its top men by retirement, say the secretary and chief accountant; the former's deputy is a 40 year old man, the latter's a 40 year old woman. Now in view of the years of experience of the two men retiring, their salaries are likely to be much greater than those of their younger successors; the male successor will doubtless accept this situation and indeed he must; not so the female successor who is sure to claim that she should be paid the salary of her predecessor on the ground that she is doing the same job.

We must earnestly hope that the Euorpean Court will not force this kind of crazy situation on us. It is hard enough already for women to get top jobs.

J. B. Bransbury,
Kirby House,
*31 High Street East,*
*Uppingham,*
*Rutland.*

# Today's Events

**GENERAL**

U.K.: National and Local Government Officers' Association special delegate meeting on local government pay offer. Central Hall, Westminster.

Further talks on ITV pay claim.

Mr. Tryggve Tamburstuen, Minister of State, Norwegian Oil and Energy Ministry, continues talks in London with his British counterpart, Mr. Hamish Gray.

Mr. John Stanley, Minister for Housing, delivers opening address at Shelter national housing conference, Nottingham University, 8 pm.

Mr. James Prior, Employment Secretary, presents prizes at Civil Industry Training Board College, Bircham Newton, Norfolk, 2.30 pm.

Prince Charles at Country Landowners' Association game fair, Bowood, Wiltshire.

Overseas: Queen and Prince Philip arrive in Zambia for eight days.

**PARLIAMENTARY BUSINESS**

House of Commons: Rises for summer adjournment.

House of Lords: Consolidated Fund. Royal Assent to Bills. Rises for summer adjournment.

**COMPANY RESULTS**

Final dividends: British Dredging, William Cook and Sons (Sheffield), J. and J. Dyson. Interim dividend: Midland Bank.

**COMPANY MEETINGS**

James Finlay 10-14 West Nile Street, Glasgow, 12. Giltspur, Mount Royal Hotel, Bryanston Street, W., 12. F. H. Lloyd, Albany Hotel, Smallbrook, Queensway, Birmingham, 12. Metal Box, The Dorchester, W., 12.30. Ocean Wilsons, Winchester House, E.C., 12. Tesco, Connaught Rooms, W.C., 12. UKO International, Winchester House, E.C., 12. Westbrick Products Rougemont Hotel, Exeter, 12.

# Barclays lifts first half profit 61% to £244m

BY CHRISTINE MOIR

AN INCREASE of some 61 per cent to £244m in group pre-tax profit is reported by **Barclays Bank** for the first-half of 1979. This is much in line with Lloyds' figures published last week but well below the 102 per cent increase announced by National Westminster on Tuesday.

Barclay's interim dividend, however, is the most generous of the three so far published. Shareholders get 8.25p net now—a 36.36 per cent increase "which represents an attempt to redress the disadvantages suffered since 1972"—and are promised "at least the same again."

This promise, while the most definite of the three banks so far, means that shareholders can only be certain of a 21.8 per cent increase for the year.

The news, accompanied by a warning similar to that from National Westminster that the second half profits will only match the first if interest rates held up, sent the shares down 17p on the day to 433p. Over the past week Barclays has so far fared worst in the stock market: it has lost 37p overall off its price.

However, even Midland which has yet to release its figures has lost 20p on the week, 5p yesterday. Lloyds is down 32p on the week and even National Westminster with its excellent overseas results has lost 19p.

Like Lloyds, Barclays profit increase is due "almost entirely" to improved results on the domestic banking side. The associated activities, such as the merchant bank, Mercantile Credit and Barclaycard "maintained" their profits but it is the international side which has been held back—through pressure on interest margins and the translation into sterling. Barclays Bank International's figures, already published, show a decline of £2.4m to £58.7m.

Average base rate for the period has been in line with the other clearers at 12.83 per cent compared with 10.73 per cent in the last half. Like the others the margin Barclays has shown between base and deposit rates has continued to be squeezed. In the first half of 1978 it was 3.34 per cent. By the second half of the year it had fallen to 2.84 per cent and in this half the figure was 2.46 per cent.

Demand for advances, however, has been strong.

The figures do not include consolidation of earnings from the recent acquisition in the U.S., now renamed Barclays American Corporation.

They do include an increase in provisions against bad debts from £22.8m in the comparable period to £26.3m though specific provisions have declined by 10 per cent from the second half of last year. Barclays appears to have the strongest view of the group on further disclosure about provisions. Mr. Deryk Vander Weyer, a group vice chairman, said that "if pressed I would prefer to separate the volume of general and specific provisions — a differentiation which National Westminster does not believe possible. "I hope we will see this type of disclosure in the 1979 accounts," he said.

See Lex

## HIGHLIGHTS

**Barclays Bank** continues the run of buoyant half time profit statements from the clearers although there has been a slight decline in international earnings. In a fairly busy day for company news Lex also looks at the sharp profits setback at **Inchcape** where there is however prospects of a recovery this year, and at **Davy** where profits are only steady despite the first time inclusion of **McKee**. Lex also comments on two opposites. **British Airways**, which is worried about rising fuel costs, strength of the pound and the direction of the world economy and **British Land**, which has shown full year profits after some years in the red. On the inside pages comments are made upon **Fitch Lovell**, **Neepsend**, **Laurence Scott**, **Cawoods**, **Burt Boulton** and **Prestige**. **Macarthy** faces problems on the pharmaceutical wholesaling side—a problem echoed by **Sangers** at its annual meeting. Dealings started in **Mercantile House**, where the premium reached 26p at one stage.

# J. I. Jacobs makes headway

FOR THE first half of 1979 **John I. Jacobs and Company** reports an increase in pre-tax profits from £439,000 to £653,000. For the last full year the figure totalled £808,000. The directors are forecasting improved results for the second half of the current year.

The net interim dividend is raised from 0.55p to 0.6p and an increase in the final payment is anticipated—last year's final was 1.35p.

Turnover of this shipowner and shipbroker advanced from £563,000 to £739,000 in the six months and a turnround from a trading loss of £51,000 to a profit of £222,000 was achieved. Investment income and interest fell from £330,000 to £287,000 and there was interest payable this time of £6,000.

Profit on realisation of investments amounted to £7,000 (£322,000) and there was a release of provision for diminution in the value of listed investments of £133,000 (£186,000 provision).

# Davy steady at £26.1m

A SHARP increase in turnover from £386.7m to £610.77m but pre-tax profits of £26.1m against £25.4m are reported by the **Davy Corporation** for the year ended March 31, 1979.

The directors had reported satisfactory progress in the first half—profits were ahead at £8.52m (£8.4m)—and said results for the year were likely to be in the region of those for the previous year.

Tax takes £8.97m against £10.81m giving earnings per 25p share of 22.7p (19.5p). The final dividend is 4.7p effectively lifting the net total from 5.5275p to 6.7p.

The equipment design and manufacture division produced profits of £7.2m (£11.6m) on a turnover of £146m (£141m). Orders in hand at June 30, 1979, amounted to £382m (£254m) with a forward load at that date of £255m (£154m).

The manufacturing, foundry and forging companies of Head Wrightson and the heavy crane making section of Herbert Morris were badly affected by adverse trading conditions. Two foundries and one manufacturing company were closed.

As a result of this action the foundries returned to a small profit in the first quarter of the current year and the Board says any improvement in trading conditions should now prove beneficial.

In compiling the accounts a new policy for deferred tax has been adopted.

In engineering and construction, turnover and profits of Davy International for UK and non-UK companies are as follows: Turnover and profit for UK companies £220m (£121m) and £17m (£11.6m). For non-UK companies £159m (£125m) and £0.5m (£2.2m).

Figures for 4½ months of McKee Corporation of the U.S. of turnover £86m and profit of £3.9m, reflect a good year as a whole for this company, says the Board. Orders in hand for the whole division at June 30 totalled £1.31bn (£986m). The forward load at that date was £751m (£596m).

The profits of the non-UK companies were down due to poor order intake in the previous year, this position only improving in the middle of last year.

The U.S. companies also made a provision for an Iranian contract. This provision has been retained until the Board "see how things go in that country." A provision has also been made in respect of a contract in Houston which has not gone well.

See Lex

# Gordon & Gotch pays 122% more

AFTER BEING virtually unchanged at £508,000 at halfway, profits of **Gordon and Gotch Holdings** for the year to March 31, 1979, were down by £174,409 to £832,569, due to trading losses in Canada of £155,000. Sir Anthony Percival, chairman, anticipated a decrease because of the fall in the U.S. dollar and its effect on major currencies.

The dividend is stepped up by 122 per cent from 2.64p to 5.896p, with a final of 2.948p. This payment absorbs £269,479 (£121,499). Gordon and Gotch Computer Bureaux alone earned £302,000. Of the pre-tax profit 75 per cent is derived from quoted investments and properties and from investments in associates. These are more than sufficient, alone, to cover the doubled dividend, the directors point out.

Turnover was static at £28.1m (£28.08m). The attributable profit fell to £388,347 (£566,588) after £437,799 tax (£434,035) and £6,423 (£6,355) minorities. A sum of £120,662 is brought in from dividend reserve.

Despite this year's setback the directors say they are confident of future profits and that they can maintain the proposed higher levels of dividend for the coming years.

# Inchcape falls to £41m after major Dutch loss

For the year ended March 31, 1979, pre-tax profits of **Inchcape and Co.** fell from £62.3m to £41.1m after deducting a £17.9m loss from Harborn, the Dutch subsidiary, and £2.5m on currency exchange movements.

However the group should look to the future, the directors say, and they are confident pre-tax results for the current year will return to around the level of 1977-78.

Other factors affecting the 1978-79 result were the continuing difficulties in Nigeria, depressed profits from Malaysia and Singapore and generally lower profit levels from the Middle East.

In the face of difficult world trading conditions, the group performed well, the Board states. This was particularly so in Hong Kong and Japan and in several UK subsidiaries.

Referring to the Harborn loss, the directors say changes have been made in the senior management in Holland, more stringent operating limits have been introduced, reporting controls have been tightened and the position has been stabilised.

| | 1978-79 £000 | 1977-78 £000 |
|---|---|---|
| Turnover | 1,593,692 | 1,581,574 |
| Profit before tax | 41,052 | 62,274 |
| Tax | 23,150 | 27,552 |
| Net profit | 17,902 | 34,722 |
| Minorities | 1,551 | 3,136 |
| Attributable | 16,351 | 31,586 |
| Pref. dividend | 69 | 69 |
| Attrib. to Ord. | 16,282 | 31,517 |
| Extraord. debit | 1,312 | *1,884 |
| Ordinary dividends | 13,337 | 11,830 |
| Unappropriated | 1,633 | 21,371 |

* Credit.

Earnings per share for the year are stated as 20.2p against 49.7p. The final dividend is 10p, lifting the total from 15p to 16.5p.

An analysis of pre-tax profit (£000s omitted) shows general merchants, agents and related activities, £11,659 (£22,672); motor vehicle distribution, £12,488 (£10,711); insurance brokers and agents, £5,936 (£6,426); marine operations £7,359 (£10,568); timber and construction, £3,061 (£2,114); engineering, £475 (£921); manufacturing £1,881 loss (£736 loss); associates, £4,945 profit (£4,584).

Investment income was £520,000 (£561,000), head office expenditure, £2.12m (£151,000) and loan stock interest, again £1.39m.

The increase in reserves from £93.2m to £148.7m largely arises from a surplus on revaluation of land and buildings of £46.2m.

At March 31, 1978 full provision was made for deferred tax and the provision of £12.38m which is no longer required has been transferred to reserves as a prior year adjustment.

See Lex

# British Land looking better

**British Land** has produced proof of its continuing recovery, in the shape of a return to profits for the year ended March 1979.

The company's preliminary results show a surplus before tax of £3.37m against the previous pre-tax loss of £1.07m. There is again no dividend, the last payment being made for 1973-74.

British Land's return to profitability (there was a £255,000 pre-tax profit in the first half) follows a period of deals and disposals aimed at reducing debt and adding to cash resources.

Since last September it has raised £40m in a series of transactions, notably the sale of the Langham Estate in London for £9m and the renegotiation of lease terms for the former Derry and Toms store for a further £11.1m cash lump sum.

The directors say that an open market valuation of the group's properties at March 31 this year produced an aggregate of £209m (£189.8m), which indicated net assets of £107m (£62m), equivalent to 137p per share (97p). The shares yesterday finished ½p up at 77p.

See Lex

# Second half boosts Neepsend

WITH second-half profits surging from £396,000 to £879,000, **Neepsend** finished the year to March 31, 1979, with the taxable surplus some 22 per cent higher at £1.28m, against £1.05m. This was despite nearly doubled bank interest of £910,000, compared with £503,000.

Turnover of the special steels and tools group rose 13 per cent to £24.7m.

At midway, profits were down from £656,000 to £393,000, but the directors were confident of an improved full-year result.

Mr. Stanley Speight, chairman, now says that, despite difficult trading conditions, better profit margins have been realised after previous rationalisation and plant improvement programmes.

He expects a further improvement in the current year.

Delays have occurred in the completion and commissioning of the new melting department but this is now on stream. The rolling mills rationalisation will be completed in September, while further rationalisation is in progress in the tools division.

The low tax charge for the year of £13,000 (£529,000) is due to a £697,000 transfer from deferred tax reserves for stock relief no longer required assuming the current Finance Bill becomes law, the directors explain.

Stated earnings per 25p share are up from 3.82p to 9.29p. Ignoring the tax transfer, earnings would have been 4.16p (3.82p). The net total dividend is held at 3.2244p, with an unchanged final of 2.30315p.

### ● comment

Another huge slab of debt servicing costs bruised Neepsend's improvement at the trading level and, since capital spending is set to climb to over £1m this year as the rolling mills are completed, the problem is likely to get worse before it gets better. A pre-tax advance of 22 per cent is reasonable going, however, and Neepsend seems confident that growth will accelerate this year. While the iron foundry probably ran at a small loss, the benefits of recent capital spending in the ferro-alloy business came through to the point where the metal production and processing division accounted for around a half the profits total against rather less than a third in the previous year. Not that the contribution from engineering and tool production fell away for the expanding range of consumer products again made higher profits. Hopes are now pinned on another area of capital spending — rolling mills — which when completed in two months, is expected to provide better qualities and reliability of deliveries and hence the chance to compete more equally with imports. For the moment, funding considerartions have weighed heavily on the decision to hold the dividend, which probably accounts for the 1p share price fall to 44p yesterday, although the yield is still an attractive 11 per cent. Ignoring deferred tax transfers, the p/e is 10.3.

# D. F. Bevan advances to £550,000

PROFITS BEFORE tax of **D. F. Bevan (Holdings)** advanced from £301,000 to a record £550,000 for the year ended March 31, 1979, on turnover £4.90m higher at £12.58m.

In January, when reporting half-time profits ahead at £151,000 (£70,000), the directors said they were looking for a second half materially better than the first—in the event the result for the second period was increased from £231,000 to £399,000.

Earnings per 5p share are shown as 5.9p (4p) basic and as 5.5p (3.3p) fully diluted. The dividend is lifted from 1.35117p to 1.7p net. A one-for-five scrip issue is also proposed.

| | 1978-79 £000 | 1977-78 £000 |
|---|---|---|
| Turnover | 12,582 | 7,68[illegible] |
| Trading profit | 681 | [illegible] |
| Interest payable | 138 | [illegible] |
| Share of assocs. profit | 7 | [illegible] |
| Profit before tax | 550 | 301 |
| Taxation | 225 | 147 |
| Net profit | 325 | [illegible] |
| Extraordinary debits | 24 | [illegible] |
| Available | 301 | [illegible] |
| Dividends‡ | 78 | 49 |
| To reserves | 223 | 208 |

* Loss. † Credits. ‡ After waivers by certain directors and members of their families.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Bank Leumi (UK) ...int. | 2.8 | Aug. 15 | 2.68 | — | 7.36 |
| Baorclays ...int. | 8.25 | Oct. 8 | 6.05 | — | 13.46 |
| D. F. Bevan | 1.7 | — | 1.35 | 1.7 | 1.35 |
| Burt Boulton | 3.5 | Sept. 28 | 6.5 | 7.0 | 10.0 |
| British Vending ...int. | 0.7 | — | nil | — | 0.57 |
| Bullough ...int. | 4.2 | — | 3.0 | — | 7.68 |
| Cardinal Inv. Trust ‖int. | 1.5 | Sept. 13 | 1.24* | — | 3.38* |
| Cawoods | 4.46 | Sept. 7 | 2.84 | 5.55 | 3.81 |
| Davy Corp. | 4.7 | Oct. 2 | 3.71* | 6.7 | 5.53* |
| Derby Trust ...int. | 7.19 | Aug. 31 | 3.09 | — | 14.79 |
| Drayton Far Eastn. ‖int. | 0.4 | Aug. 24 | 0.3 | — | 1.03 |
| Ellis and McHardy ...int. | 3.04 | Sept. 4 | — | — | 3.04 |
| Fitch Lovell | 3.37 | Oct. 1 | 2.81 | 4.66 | 4.09 |
| Forminster | 1.62 | Oct. 8 | 1.41* | 3.16 | 2.79* |
| Gordon and Gotch | 2.95 | Sept. 20 | 2.64 | 5.89 | 2.64 |
| Inchcape | 10 | Oct. 2 | 9 | 16.5 | 15 |
| John I. Jacobs ...int. | 0.6 | Oct. 17 | 0.55 | — | 1.9 |
| J. Jarvis | 6 | — | 5.14 | 10.9 | 9.54 |
| Letraset ...2nd int. | 16.5 | Oct. 1 | 4.5 | 6.49 | 5.39 |
| Macarthys | 5 | — | 2.88 | 6.5 | 4.38 |
| Manson Finance | 2 | Oct. 8 | 2 | 3.5 | 3.5 |
| Moorside Trust ...int. | 1.6 | Sept. 7 | 1.5 | — | 4.74 |
| Neepsend | 2.3 | — | 2.3 | 3.22 | 3.22 |
| Prestige ...int. | 2.5 | Sept. 1 | 2.5 | — | 6.24 |
| Provincial Laundries int. | 0.43 | Oct. 1 | 0.16 | † | 4.43 |
| Regional Properties | 1 | — | 0.6 | 1.5 | 1.1 |
| Laurence Scott | nil | — | 3 | 2 | 5 |
| Symonds Engng. | 1.14 | — | 0.92 | 1.55 | 1.34 |
| Temple Bar Inv. | 2.25 | Sept. 28 | 1.5 | ** | 5.5 |
| Wyndham Engng. | 1.64 | — | 1.64 | 1.64 | 1.64 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 5.768p forecast. § Final of not less than 0.4349p forecast. ¶ As forecast at time of offer for Stanley Gibbons. ‖ To reduce disparity with final. ** 6.25p total forecast.

# Fitch Lovell climbs 43% helped by Key Markets

INCLUDING AN around £1m advance at trading level by both its agriculture, fisheries and feed division and Key Markets retailing interests, Fitch Lovell boosted taxable profit by 43 per cent from £6.18m to a record £8.82m for the year to April 28, 1979. Sales were ahead £22m to £523m and the surplus was struck after a first time charge of £0.26m depreciation on freehold buildings.

In January, following a rise to £4.08m (£2.76m) in half time profit, the directors were cautiously optimistic.

After tax of £2.77m (£1.92m) stated earnings per share for the year were 9.72p (7.18p). A net final dividend of 3.36771p steps up the total to 4.66483p (4.09019p).

Trading profit reached £12.38m (£10.16m) before interest and central costs again at £2.59m. The retail sector, comprising 123 Key Market stores and 170 West Layton Butchers shops, lifted profit from £2.46m to £3.54m with most of the growth in the second half.

Margins were enhanced at Key Markets by better merchandising and tighter administration. The West Layton shops were marginally down in a difficult year for beef sales.

For the agriculture, fisheries and feed side, up from £341,000 to £1.32m, expansion came in the first six months to £849,000, following the second half recovery seen in 1977-78.

The improvement reflected strong performance by the poultry company.

Continuing uncertainty in EEC dairy products policies contributed to weakness in part of the agency, first hand, wholesale and markets sector where trading surplus slipped from £2.87m to £2.09m. The decline was kept to £100,000 in the second month following improvement in the cheese market and better results from the Canadian company. The frozen food distribution company remained strong.

Strong performance both in the UK and France from convenience meat products more than compensated for a continuing downturn in the canning operation, and overall profit for the division emerged up at £4.41m (£3.75m).

| | 1978-79 £000 Year | 1977-78 £000 Full Year |
|---|---|---|
| Sales | 523,101 | 501,284 |
| Trading profits | 12,376 | 10,156 |
| Manufacturing | 4,405 | 3,750 |
| Agency, first hand, whlesl. and mkts. | 2,089 | 2,871 |
| Agriculture, fisheries and feed | 1,317 | 341 |
| Retail | 3,539 | 2,462 |
| Other activities | 1,025 | 732 |
| Int. and central costs* | 2,587 | 2,593 |
| Exceptional costs† | 972 | 1,382 |
| Profit before tax | 8,817 | 6,181 |
| Tax | 2,774 | 1,924 |
| Extraord. credit | 36 | ‡230 |
| Pref. and minorities | 31 | 31 |
| Attributable | 6,048 | 3,996 |
| Ord. dividend | 2,889 | 2,529 |
| Retained | 3,159 | 1,467 |

* Interest—£1,694,000 (£1,888,000). † Costs of closing down units, less profits on disposal of properties—£181,000 (profit—£242,000); development and reorganisation expenditure £761,000 (£1.05m) and other exceptional items—£30,000 (£571,000). ‡ Debits.

The canning activity was severely hit, first by a glut of fresh vegetables and the industrial problems of the winter. In addition canned meats met intense competition from Danish and Dutch producers who were receiving high MCA subsidies.

Exceptional costs this time, including non-recurring development costs, store openings and closures were reduced by £410,000 to £972,000. The tax charge was adjusted in line with SSAP 15 on deferred tax and comparatives were restated.

**● comment**

Fitch Lovell is beginning to *reach* the stage where any bid, should the current crop or *rather loose* speculation ever lead to a concrete approach, would *face a series of spikey obstacles.* After a 46 per cent improvement at the *halfway* mark, the group came through a difficult winter *with a rise in total profits* of 43 per cent. The manufacturing *division,* with a *trading* profits gain of over 17 per cent, showed *that it could live with a fresh* vegetable glut, national industrial *problems* and *severe* import competition from MCA assisted rivals, in some comfort. The agricultural fisheries and feed sector recovered strongly from past difficulties in the poultry market and the outlook again seems encouraging. But *pride of place, perhaps,* should go to the retail operations where Key Markets appears to have *slimmed successfully* and whose average store floor space has *been doubled over the past four* years to 7,000 sq ft and further *openings should raise the aver*age to about 8,000 sq ft by the end of this year. The agency, first hand, wholesale and markets division has been something of a disappointment but, after a very bad second quarter, the position of butter subsidies looks a little clearer. The shares added 2p to 63p and a yield of 11.3 per cent is clearly still an important consideration. The outlook is for profits of around £10m pre-tax this time where the fully taxed p/e would be 8.60.

# Prestige falls to £2.4m midway

ALTHOUGH SALES were 4.8 per cent higher at £30.31m, taxable profits of the Prestige *Group,* domestic housewares concern, dropped from £2,722,511 to £2,421,950 for the first half of 1979. The result was struck after an exchange deficit of £182,333 compared with a £75,431 surplus.

Both sales and profit were adversely affected by the disruption caused by the road haulage strike in January and by industrial action at the *group's three* Lancashire factories during March.

With SSAP 15 applied, tax for the period takes £1.1m (£1.24m). Including this time an extraordinary credit of £278,000 relating to the disposal of unused land and buildings in Germany, profits available to ordinary holders were ahead from £1.47m to £1.6m.

There was a transfer of £429 (£16,415) to capital reserve for redemption of preference shares and dividends thereon.

As foreshadowed in the last annual report, the net interim dividend is maintained at 2.5p per 25p share, costing £453,491 — last year, payments totalled 6.236p on a record £5.85m pre-tax profit.

The company, which is one of the largest housewares manufacturers in the world outside the U.S., is controlled by American Home Products Corporation.

**● comment**

Prestige Group's image of being able to provide steady, if fairly staid, profits growth has taken a knock. The strength of sterling has obviously been an overriding factor. Apart from the pressure on export sales the effects on the value of overseas assets has been taken above the line and that point alone accounts for virtually all the profits downturn. Furthermore strikes at three significant factories did little to help. The question now is whether Prestige can make good the setback during the second half, though the continued strength of sterling casts some doubt over the company's ability to do so. The outlook for UK consumer spending in the short term looks reasonable given the tax rebates, but beyond the autumn the future looks less promising. Yet Prestige's fortunes are normally fairly imune to changes in consumer spending. Assuming unchanged earnings and dividend the p/e of 9.3 and yield of 4.7 per cent at 194p is far from cheap, but Prestige historically commands an above-average rating.

# Gallaher soars in second quarter

A MORE than 52 per cent jump in second quarter raised taxable profit at Gallaher Group of Companies, from £19.5m to £28.6m for the first half of 1979. Sales by the company, a wholly owned subsidiary of American Brands, were up £41.6m over the six months.

Trading surplus was ahead from £21.2m to £30.7m, with £14m, against £9.5m, coming in the second three months. The main contributor remained the tobacco division where midyear profit reached £19.6m (£16.4m) on sales, excluding VAT or its foreign equivalent, £25m up at £606m.

The surplus on engineering activities was £2.3m (£1.1m) on £31.3m (£27.4m) sales; optical division showed £3.5m (£2.6m) on £19.6m (£16.2m) turnover, and distribution produced £1.6m (£1.7m) on £121.4m (£112m) turnover. Group financing showed a £1.4m gain (£0.8m loss).

Group profit was struck after £2.1m (£1.7m) interest and depreciation of £6.4m (£5.5m).

For 1978 the surplus was a record £51m.

## L & G Unit joint life option

Legal and General Unit Assurance, the unit-linked life subsidiary of Legal and General Assurance Society, has introduced a joint life option on its Capital Accumulation Plan thereby boosting the investment potential of the scheme.

Under this option the contract is written on the lives of husband and wife, with the death benefit payable on the second death of the couple. By this means the cost of the death cover is reduced and so a higher percentage of the premium can be invested in units, compared with a contract issued on a single life.

*This change* will be of particular advantage to the older investors. For example, for a man aged 64 the amount invested in units under this plan would normally be 95 per cent. But if his wife is five years younger and the plan is written on their joint lives, then the unit allocation would be 102 per cent of the premiums.

## Increase at Manson Finance

Manson Finance Trust's results for the year to April 30, 1979 *show turnover ahead from* £2.02m to £2.78m and pre-tax *profits up from* £513,000 to £683,000. Tax for the period took *£353,000 against* £292,000.

Earnings per 20p share rose *from* 3.8p to 4.4p, and with a final payment of 2p net the dividend *total* is held at 3.5p. A one-for-three scrip issue is also proposed.

The directors state that trading in the current year shows further progress and they are confident that the company will be able to maintain the existing rates of dividend on the increased capital.

## Improvement at Symonds

A better second half for Symonds Engineering pushed pre-tax profits for the year ended March 31, 1979 ahead, from £192,495 to £221,492. The half-time surplus was up marginally at £94,808, against £92,278.

Tax for the year takes £120,409 (£94,012). A net final dividend of 1.125p raises the total payment from 1.3454p to 1.55p per 5p share.

A one-for-one scrip issue is also proposed.

## Drayton Far Eastern makes progress

First-half 1979 gross revenue of Drayton Far Eastern Trust moved ahead from £156,000 to £202,400.

After tax of £88,900 (£82,700) net revenue was £75,100 (56,900).

To reduce disparity with the final the interim dividend is lifted from 0.3p to 0.4p net. Last year's total payment was 1.025p.

The net asset value per 25p share at June 30 was 45p (48.75p).

## Blackman & Conrad

*Following the first-half* recovery from losses of £204,000 *to a £55,000 profit,* Blackman and Conrad reports pre-tax profits of £81,000 for the year ended January 31, 1979, compared with a £216,000 deficit in the previous year.

Profit is struck before an extraordinary debit of £6,000 against a £58,000 credit and tax charge of £32,000 (£65,000 credit). Turnover amounted to £8.07m compared with £9.89m.

Earnings per share are shown at 1.01p (3.12p loss). Again there is no dividend.

The group makes children's wear, ladies' outerwear, industrial wear and casual cotton garments.

## REPORTS TO MEETINGS

# Elliott Group making recovery

Elliott Group of Peterborough, the company which came badly unstuck in 1977 when an expected £54m worth of Saudi Arabian contracts failed *to materialise,* is continuing its profits recovery.

With earnings moving broadly in line with the progress made at the same time last year, Mr. Alexander Houston, the chairman, told yesterday's annual meeting that "we are in good heart."

*Elliott, which makes relocatable* buildings, furniture and joinery, moved out of losses last year to March 31, turning in profits of *£813,000* before tax after a deficit in 1977-78 of £220,000.

Mr. Houston said that Ellott had completed its £10m contract to build eleven boys' schools outside Riyadh in Saudi Arabia, though unruly behaviour by boy pupils had caused some maintenance problems and the final payment had been held up.

"It is not the easiest place in the world in which to deal," he commented. The £1m kindergarten project in Saudi Arabia was due for completion next month, slightly later than scheduled, while the group's crane hire activities there were "*profitable* and working well."

Questioned after the meeting about the *12 per cent stake* built up by the Pentos publishing, construction and leisure group, Mr. Houston said: "As far as I know, it's purely an investment."

Sangers Group—Mr. Hugh Nicholson reported that sales rose by 12 per cent in the first four months of the current year. But he warned that increased price cutting in the pharmaceutical wholesaling division coupled with higher costs—in particular fuel—made it virtually impossible to maintain profits in the shorter term.

The board's plans for the future, he added, depended on the success of the company's diversification. In particular he was pleased with the results so far from the retail optics and photographic divisions.

Beechwood Construction (Holdings)—Mr. M. C. Thomas said he remained cautiously optimistic about the continuing progress of the company. He pointed out, however, that it was too early to make any forecast on the likely *outcome for the* current year.

Exchange Telegraph Company (Holdings)—Mr. J. L. Harvey *said* the first quarter results were ahead of last year and results for the whole year were expected to show a further improvement.

Most activities were showing an *imporvement* and the Royds Advertising Group had started well.

In the longer term, he believed the group was well poised to grow and he was confident it would do soo.

# Macarthys makes £0.59m advance

WITH HIGHER *second-half* profits of £1.93m against £1.72m, Macarthys Pharmaceuticals finished the April 30, 1979 year, *ahead from* £3.19m *to* £3.78m pre-tax, on external sales up by *more than 30 per cent to* £130.98m.

*First-half profits had risen to* £1.85m (£1.47m) and the directors *said that second-half* earnings were expected to be *broadly the same as those then* reported.

*They now say that as a result* of the very price-competitive *markets in which the group* operates, gross profit margins *have inevitably been reduced.*

| | 1978-79 £000 | 1977-78 £000 |
|---|---|---|
| External sales | 130,982 | 98,544 |
| Pharmaceutical— | | |
| Manufacturing | 2,880 | 2,780 |
| Distribution | 94,634 | 70,371 |
| Surgical | 10,442 | 8,746 |
| Retailing | 14,067 | 11,761 |
| Veterinary | 8,959 | 5,686 |
| Less internal sales | 11,947 | 8,148 |
| Making | 119,035 | 90,396 |
| Trading profits | 4,704 | 4,060 |
| Pharmaceutical— | | |
| Manufacturing | 144 | 196 |
| Distribution | 3,026 | 2,435 |
| Surgical | 481 | 455 |
| Retailing | 611 | 601 |
| Veterinary | 442 | 374 |
| Unrealised profits | 17 | 56 |
| Management expenses | 431 | 396 |
| Staff Bonus | 489 | 415 |
| Profit before tax | 3,777 | 3,193 |
| Taxation | 244 | 210 |
| Net profit | 3,533 | 2,983 |
| Pref. dividends | 27 | 27 |
| Available to Ord. | 3,506 | 2,956 |
| Ordinary dividends | 684 | 461 |
| Extraord. debit | 88 | †54 |
| Leaving | 2,734 | 2,549 |

† Credit.

However, group trading profits indicate that it can operate successfully under present conditions, they add. Trading surplus for the year was up from £4.06m to £4.7m.

Business has continued successfully in the current year.

Tax takes £244,000 (£210,000) and stated earnings per 20p share improved from 28.1p to 33.3p. The final dividend is lifted to 5p (2.88p) net which raises the total payout from 4.38p to 6.5p, covered 5.1 (6.4) times.

**● comment**

The abandonment of resale price maintenance by Macarthys has taken its toll on pharmaceutical wholesaling margins—down from 3.6 per cent to 3 per cent in the second half—but the full impact has been concealed by the effects of higher volume. Second-half wholesaling turnover rose by 41 per cent, which suggests a substantial gain in market share given fairly static demand at present. Now that wholesaler discounting has become endemic, however, margins in this sector are likely to be under growing pressure and the group will be looking to its other interests for a higher return. These are starting from a low base and the veterinary division, for example, boosted sales by around 50 per *cent over the year, though profits* were disappointing. Manufacturing *earnings show considerable* recovery potential as plant *refurbishment* is now completed but wholesaling is still dominant within the group and prospects here are uncertain. At 134p, the shares yield an attractive 7.2 per cent but the stated p/e of 3.9 indicates that only slow growth is expected.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering *dividends.* Official *indications* are not available as to whether dividends are interims or finals and the sub-divisions shown *below* are based mainly on last year's timetable.

**TODAY**

Interims—Midland Bank, Plastic Constructions.

Finals—British Dredging, William Cook (Sheffield), J. and J. Dyson, Jacksons Bourne End, *Mining Supplies,* R.F.D., Watshams, Wolverhampton Steam Laundry.

**FUTURE DATES**

| | |
|---|---|
| Interims— | |
| Britannia Assurance | Aug. 15 |
| Colonial Securities Trust | July 31 |
| Comben | Aug. 8 |
| Vogelstruisbult Metal | Aug. 8 |
| Vosper | Aug. 1 |
| Finals— | |
| Cray Electronics | Aug. 3 |
| Ellis and Everard | Aug. 8 |
| Gold Fields of South Africa | Aug. 17 |
| Gold Fields Property | Aug. 8 |
| Morgan Edwards | Aug. 1 |
| *New Witwatersrand Gold* | Aug. 8 |
| Smith Bros. | Aug. 7 |

Companies and Markets

# BIDS AND DEALS

## Merck increases offer for Alginate to £23m

BY ANDREW FISHER

Merck, the major U.S. pharmaceutical group, lost no time yesterday in renewing its bid for Alginate Industries, with a higher £23.2m offer after the go-ahead from the Monopolies Commission on Wednesday.

The other U.S. company interested in Alginate, FMC Corporation, has bowed out of the contest now that the directors and holders of 51 per cent of the British seaweed processing company's shares have accepted the offer from Merck.

FMC, an industrial conglomerate, never got as far as an actual bid, but approached Alginate in February of this year with the aim of being included in the study to be carried out by the Monopolies Commission. This was in case it later decided on a formal offer.

Merck's latest offer of 415p cash a share compares with its initial bid last December of 385p. The latest price is exactly the same as Wednesday's suspension price, although a spokesman for Robert Fleming, advisers to Alginate, said this was purely coincidental.

Preference shareholders will be able to receive 78p cash, with holders of the ordinary shares also to be offered a loan stock alternative. Terms of this will be announced in the offer document.

Merck's original £21.6m offer received overwhelming acceptance but lapsed when the bid was referred to the commission. Its offer is being made through Charles E. Frost (UK), its British arm, and the group has pledged no redundancies.

In the run-up to Merck's first offer, hectic dealings in Alginate shares prompted a preliminary investigation by the Stock Exchange. Just one day before the U.S. bid, in mid-December, shares of Alginate rose by 23p to 255p, later moving up closer to the actual bid price.

A Stock Exchange official said yesterday, however, that nohing had emerged to justify a formal investigation.

Merck intends to keep Alginate, which has 88 per cent of the UK market, operating as a largely autonomous unit. It will continue to expand the business from existing locations.

In its repodt, the Monopolies Commission said that the two companies would, if merged, supply about 60 per cent of the world maket by volume and around 90 per cent of those in the U.S. and Britain.

Alginate produced sharply lower profits last year, with the taxable surplus down by 41 per cent from £2.8m to £1.7m. Sales were up from £16.7m to £18.3m.

### POWELL DUFFRYN'S £4.3M U.S. DEAL

In a deal costing some $10m (£4.3m) in cash and debt assumptions, Powell Duffryn is to acquire Southwest Pipe and Supply Company and its subsidiary, National Pump Company, both based in Arizona.

Around $7m (£3.5m) will be in the form of cash, half on completion and the rest in deferred payments dependent on Southwest Pipe's profits for the three years to September 30, 1981.

Powell Duffryn is also assuming responsibility for the repayment of outstanding loans of Southwest Pipe of $3.2m. The U.S. company supplies large diameter steel pipe, with the National Pump subsidiary making deep well water pumps for the agricultural irrigation market in the U.S. and elsewhere.

Southwest Pipe is privately owned, with an annual turnover of some $17m.

### RUGBY CEMENT PURCHASE

Rugby Uortland Cement Company through its subsidiary The Rom River Company is negotiating to accuire the capital of Celmac Plasclip—a subsidiary of Foseco Minsep and suppliers of a range of products used in reinforced concrete construction—for payments totalling some £1.6m cash.

### GM FIRTH SALE

G. M. Firth (Metals) has exchanged contracts for the sale of its head office premises at Young St, Bradford, together with certain fixtures and fittings.

The sale consideration is £175,000 cash against a book value of the assets disposed of £119,000. The company is relocating in alternative office premises near the centre of Bradford and expects to benefit from a reduction in fixed overheads and a useful addition to liquidity for trading purposes.

### McLEOD SELLS CHURCHBURY STAKE

McLeod Russel has sold its remaining shareholding of 240,000 Ordinary shares in Churchbury Estates, representing 15 per cent of the capital of Churchbury, at a price of 400p per share to realise £960,000 before expenses.

McLeod has also exchanged contracts for the purchase of part of The Pinnerwood Park Estate, Pinner, Middlesex, comprising principally freehold residential houses. The consideration amounted to some £1,600,000.

### SHIRLSTAR STAKE IN HALL BROS.

More than 14 per cent of the ordinary shares in the loss-making Hall Brothers Steamship Company, of Newcastle, are now held by Shirlstar Container Transport, a private company owned by Mr. Ben Slade and Mr. Nick Hardy.

Shirlstar, which did nout disclose details of its latest share purchases, said the stake had been acquired as an investment. The company owns and operates a fleet of 3,500 containers which are leased to various shipping concerns. It also operates a fleet of aircraft.

### SHEEPBRIDGE

Following the announcement that it is not the intention to refer the acquisition of Sheepbridge by GKN to the Monopolies Commission, GKN has declared the offer unconditional and it remains open for acceptance until further notice. Acceptances have been received in respect of 31,267,962 shares (88.4 per cent).

## GEI agrees £4.9m for Sanderson

GEI International, the engineering group, yesterday launched an agreed £4.9m bid for Sanderson Kaiser, the steel and tool manufacturer.

The offer of 83p per share compares with Sanderson's closing price on Wednesday of 50p.

Sanderson Kaiser makes, warehouses and sells high grade steels, wire, drop stampings, saws for wood and metal and machine drives, and heliocentric speed reducing gears.

GEI claims that Sanderson's activities would be complementary to some of its own. Sanderson would combine with Hemmings, a GEI subsidiary, to produce a wide range of drawn, centreless ground and centreless turned alloy steels. Both companies could offer the other outlets in different countries, says GEI.

"Sanderson has carved out its own niche" said Mr. J. O. Sewell, managing director of GEI, yesterday. GEI would not want Sanderson if it was an ordinary steel company, he said.

GEI is offering 2 GEI shares and 75p in cash for every 3 shares of Sanderson. The gross dividend income of a Sanderson shareholder would increase 10 per cent, assuming that the cash part of the consideration was invested to yield 10 per cent.

The offer is conditional on the Sanderson Board forecasting that 1979 profits will not be significantly different from those of 1978.

Holders of 13 per cent of Sanderson's shares have stated their intention to accept the offer.

## Bullough increases to £2.78m

TAXABLE PROFITS of Bullough, the engineering group, rose 28 per cent from £2.17m to £2.78m for the six months to April 30, 1979, on increased turnover of £23.77m, against £18.5m.

The directors expect full-year results to exceed last year's £4.95m, but second-half earnings are likely to be below those of the first half. The group is continuing to search for suitable acquisitions.

The net interim dividend is stepped up 40 per cent from 3p to 4.2p per 20p share—last year's total was 7.684p. The directors say they believe in a progressive dividend policy, but the level of the final will be considerably influenced by the high capital requirements of an expanding group in an inflationary environment.

Tax for the half-year took £1.09m, compared with £754,000.

## Bank Leumi £1.1m rights

A £1.1m rights issue is proposed by Bank Leumi (UK). The cash call is on the basis of one-for-two at 110p each raising the bank's paid up capital to £3m.

The bank also announces an interim dividend increased from 2.68p per share to 2.8p and forecasts a final of 5.768p compared with last year's 4.68355p. The board states that unaudited figures for the first six months were significantly in excess of those achieved last year.

The bank's parent, Bank Leumi Le-Israel BM, has confirmed that it will take up its rights in full. The other major shareholder, Cleveland Trust International Corporation has also confirmed that it will take up its entitlement subject to approval by the US regulatory authorities.

To augment the bank's capital funds the parent has also agreed in principle to arrange a seven year subordinated loan of a further £1m to bring the published capital funds of the bank to over £8.5m.

### MERCANTILE HOUSE

Shares in Mercantile House, the money broker and financial services group whose £3.2m offer for sale earlier this month was some 70 times oversubscribed, appear to have gone into safe hands.

The 2m shares offered developed a premium of 21p per share over the 160p issue price at the outset yesterday, climbed to 186p, before settling back at 181p. Trading was described as moderate and stag selling was absorbed by institutions.

# MINING NEWS

## Renison earns more but Mt. Lyell struggles

BY KENNETH MARSTON, MINING EDITOR

THE STAR in the Consolidated Gold Field's group's australasian operations, Renison, continues to shine brightly. For the year ended June 30, the tin underground tin mine in Tasmania reports a 27 per cent rise in net profits to A$22.7m (£11.1m) compared with A$17.9m a year ago.

A final dividend now declared of 72.5 cents (35.5p) makes a total for the year of 120 cents against 92.5 cents for 1977-78. Latest earnings per share equal 155 cents against 123 cents.

A feature has been the improved plant efficiencies which have resulted in increased tin production despite a fall in the average grade of ore treated. At the same time a higher tonnage was milled, but the recovery of tin metal in concentrates rose to an average 71.2 per cent from 68.8 per cent.

The other major factor in the latest good results has been the higher price of tin. The current year, however, has started less encouragingly with tin prices running at well below the average for the 12 months to last June.

The group's Mount Lyell copper mine in Tasmania has also done better in the past 12 months to June 30. Thanks to a higher copper price it has managed to achieve a modest profit of A$751,000 against a loss in the previous year of A$3.7m.

Mount Lyell also managed to keep going without government subsidy. Towards the end of the year, however, copper prices fell. Making matters worse are the current industrial stoppages which are hitting production.

So Mount Lyell is moved issue a warning which is no doubt also intended for the ears of the work force. It is that if the lower copper prices and the loss of production caused by the stoppages continue and if the claims for over-award payments were to be met "there would again be concern regarding the future of the company's mining operations at Queenstown."

## Canada's rising metal profits

MORE news of boosted earnings resulting from higher metal prices comes from the Canadian mining companies. Placer Development (31 per cent owned by Noranda) which runs the Endako molybdenum mine in British Columbia has earned C$36.4m (£13.6m), or C$3.01 per share in the first half of this year compared with C$11.1m in the same period of 1978.

Our Montreal correspondent points out that the good performance reflects higher metal prices, notably that of molybdenum. He adds that the latest figures do not include a special gain of C$38.6m on Placer's exchange of shares in Mattagami Lake Mines for a 5.4 per cent interest in Noranda.

Placer has a 71.9 per cent stake in the copper and moly producing Gibraltar Mines which has made a first-half profit of C$6.8m, reports our man in Toronto, John Soganich. In the first half of last year there was a loss of C$700,000, but comparisons are distorted by the strike which took place between May, 1978, and February, 1979.

The higher metal prices coupled with exchange gains have lifted first-half income of the Brascan group's Western Mines to C$3.9m from C$1m in the same period of last year. The company expects lower base metal prices in the current half-year but sees maintained earnings for its precious metals.

Also benefiting from the fall in the value of the Canadian dollar coupled with higher base and precious metal prices was Sherritt Gordon Mines. First half profits have expanded to C$19m, exceeding the total profits for 1978 of C$15.7m.

Against the trend, the Noranda group's Kerr Addison reports a lower first-half profit of C$1.9m compared with C$3.9m in the first half of 1978. Earnings in the 1979 second quarter, however, followed a loss in the first three months.

Kerr's first-half earnings are after a C$6.8m charge against expenditures at the troubled Agnew Lake uranium joint venture near Sudbury, Ontario, which is suffering from low extraction rates. These have recovered but are still considered insufficient to permit Kerr to recover its C$78m investment and a writing-down may be required at year-end.

Of the leading gold producers, Giant Yellowknife—controlled by Falconbridge—reports first-half earnings of C$2.3m compared with C$1.8m a year ago. The average gold price in the latest period was C$314 per ounce against C$208 last year. Gold output fell to 40,783 ounces from 50,278 ounces, the opportunity having been taken to mine lower grade ore.

## Greenvale makes its first profit

THE troubled Greenvale lateritic nickel mine in north Queensland scored its first profit in the final quarter to June since the joint venture between the local Metals Exploration and the U.S. group, Freeport Minerals, went into operation in 1974, reports John Rogers from Sydney.

Over the 12 months to June Metals Ex Queensland's 50 per cent share of the venture faced a deficit of A$9.44m (£4.6m), but the final three months saw a profit of A$ 549,000 posted as the value of nickel and cobalt production moved ahead sharply.

Total value of production for the year came to A$ 110.5m, with A$ 35.1m in the last quarter. MEQ, which now represents Metal's Ex's interest, received A$ 56.1m for its share.

Its costs totalled A$ 37.4m, leaving it with a A$ 18.8m surplus. The group's awesome interest bill accounted for A$ 10.34m while other expenses, including postponed and accrued interest, took a further A$ 17.87m.

Total production included treatment of 2.02m dry tonnes to yield 18.4m kg of nickel oxide. Mixed sulphide production contained 2.77m kg of nickel and a further 1.11m kg of contained cobalt. The high world price made cobalt one of Greenvale's big earning areas.

However, Greenvale is still plagued with problems, the main one being the mine's heavy reliance on fuel oil, a commodity that is not only very expensive but is becoming increasingly hard to obtain. The Australian Government's move to price indigenous crude at world parity has added to this problem.

It is believed that the Greenvale partners are keen to convert the mine to another fuel source, but before any decision can be made its major lenders, including the Queensland state Government, will have to be consulted.

The directors indicated yesterday that they did not expect the profitable last quarter to be maintained in the future because of higher costs. "Profitability in the long-term will depend on metal prices, exchange rates and our ability to reduce costs, particularly energy costs," they said.

### BOUGAINVILLE: OUTPUT FALLS

Metal production dropped at Bougainville Copper during the second quarter reflecting the mining of lower grade ore. Copper production was 46,450 tonnes against 48,536 tonnes in the 1978 second quarter, the company said yesterday.

Over the first half output was 88,744 tonnes, down from the total in the first six months of 1978 of 98,292 tonnes.







هكذا من الأجل

# Cawoods over £9.4m—plans scrip and paying 45% more

With higher contributions from all divisions except oil products and refractories Cawoods Holdings expanded trading profit 18 per cent for the year to March 31, on sales 5 per cent up. Including a rise in interest received, taxable surplus was 22 per cent ahead from £7.76m to a record £9.45m.

The net total dividend is stepped up 45 per cent and a one-for-one scrip issue is planned.

A good result was forecast at mid year when profit was up at £3.54m (£2.91m).

Looking to the current year Mr. Edward Binks, the chairman, states that sales and profits so far are ahead of the corresponding period last time.

Tax for the year took £4.34m (£4.1m) leaving stated earnings per share 5.9p higher at 21.09p. The net total dividend is raised to 5.546p (3.811p) by a 4.46p final.

Yearend liquidity was strong with cash at bank and tax deposit certificates amounting to £6.22m. Shareholders funds were up £3.37m at £21.77m, and the present market value of the group's investment in LSMO £17m compared with a book value of £5.51m.

Trading profit of £8.62m (£7.27m) analysed by activity shown in £000s: fuel distribution £3,988 (£3,798); sand and gravel and builders supplies £2,513 (£2,282); road materials and concrete products £840 (£476); refractories £124 (£186); shipping services £651 (£362) and packaging £508 (£184).

Group sales reached £237m (£224m), and net interest and investment income was raised from £489,000 to £826,000.

| | 1978-79 £000 | 1977-78 £000 |
|---|---|---|
| Sales | 236,998 | 223,805 |
| Subsidiaries | 202,280 | 194,400 |
| Associates | 34,718 | 29,405 |
| Trading surplus | 9,725 | 8,088 |
| Depreciation | 1,540 | 1,224 |
| Share of Associates | 439 | 408 |
| Net interest* | 826 | 489 |
| Pre-tax profit | 9,450 | 7,767 |
| Taxation | 4,341 | 4,101 |
| Net profit | 5,109 | 3,668 |
| Minorities | 84 | 74 |
| Extraordinary debits | 422 | †47 |
| Available | 4,603 | 3,629 |
| Preference dividend | 6 | 6 |
| Ordinary dividend | 1,330 | 904 |
| Retained | 3,267 | 2,719 |

*Includes investment income. †Credits.

● **comment**

*The second half profits growth announced by Cawood yesterday added 5p to th share price. At 217p it trades on a high p/e of 12.3—fully taxed after extraordinary items.* The market capitalisation bears little relation to the trading performance, however, reflecting as it does the 17m investment value of LSMO and substantial cash balances. Stripping these factors, as well as interest recieved, out of the equation gives a figure of around 8.5 which looks justified on yesterday's figures. The 76 per cent profit improvement in road materials and concrete products is exceptional, coming from a low base, but there is strong potential in the solid fuel division, if supplies come through in time, particularly as the strong cash position allows a flexible stocking policy. On the other hand, the oil division is clearly suffering—with some supplies being met on the open market—and profits here are down. The scrip issue will redress the current imbalance in shareholders' funde and may also deter any suitor attracted by the group's strong asset position. The yield is 3.6 per cent, though here again the high capitalisation gives a distorted picture.

### RANK BONDS

Rank Organisation has purchased $2m in nominal amount of its 8¾ per cent bonds 1988.

# Burt Boulton dives to £13,752

A SUBSTANTIAL loss at the timber company, the bad winter and strikes resulted in Burt Boulton Holdings incurring a second-half deficit of £262,148, against a £152,773 profit. This left the taxable surplus of the timber and road materials group sharply down in the year to March 31, 1979, at £13,752, compared with £350,873.

Profit levels were maintained at the road surfacing companies, the directors say.

The net total dividend is cut from 10p to 7p, per £1 share, with a 3.5p final.

At midway, profits were down to £275,900 (£628,100). Reporting this the directors said that there had been some improvement in the timber company's profitability since the halfyear, and normally they would expect a useful second-half surplus. But they warned that strikes and bad weather might have a more significant effect on immediate profits than a general pick-up in trading.

The directors now say the difficulties experienced by the softwood business over hte past two years and the considerable losses incurred after taking into account finance costs have caused them to look hard at the larger branches where softwood trading is or should be the main source of profit.

In normal trading conditions, the timber company will make adequate profits when the "slimming" process now under way has been completed; the first six months of the current year are expected to be satisfactory.

There was a tax credit for the year of £30,814, compared with a £270,784 charge—SSAP 15 has been adopted and comparisons adjusted. Stated earnings are down from 32.8p to 2p.

● **comment**

Pre-tax profits at Burt Boulton have come tumbling down to a negligible level. The main reason can be found in extremely poor trading results from the softwood section of the group's timber business. Sales continued the drop which commenced in the first half. Turnover inched up a mere 3 per cent and the group has slashed its final dividend by almost 50 per cent, leaving the yield down to 5.8 per cent at 175p following yesterday's 10p fall. The dividend is now uncovered. The group is subjecting its timber interests to a "slimming" process, but it is difficult to obtain any clear information as to just what this might involve. The group hopes for improvements next year in its timber and road materials divisions, but there is no guarantee that this will be the case. Burt Boulton's problems make it a less than attractive share to hold.

# Laurence Scott losses deepen in second half

AGAINST directors' expectations, losses deepened in the second half at Laurence Scott, and the electrical machinery and control gear maker incurred a taxable deficit of £1.35m in the year to March 31, 1979, compared with a £2.04m profit previously.

And the final dividend is being passed, principally because the group continued to operate at a loss in the opening months of the current year.

At midway, there was a £485,000 loss (£1.02m profit). The directors said then the task was now to earn a useful full-year profit, although at that stage it looked like being considerably lower than last time.

The directors now say turnover 10.5 per cent higher at £37.02m (£33.49m) is well below what was planned and the shortfall is due to depressed prices and reduced output mainly from the Norwich factory. The remainder of the group achieved satisfactory results.

A significant increase in labour costs, unmatched by improved productivity, also affected results, they add.

Although some works are well loaded, international competition continues to restrict order input particularly at the Norwich heavy motor works. The new factory for PPD Engineering will open at Aylesbury later this year.

The pre-tax loss for the year was struck after depreciation of £1.06m (£749,000), debenture loan stock and other interest less received debit of £432,000 (£113,000 credit), and redundancy payments of £375,000 (£4,000).

There is tax relief of £570,000 (£644,000 charge), giving a losss per 25p share of 8.26p, against earnings of 19.64p. Although there is no final dividend, there was a 2p interim, which compares with last year's total of 5p.

A revaluation of land and buildings shows an appreciation over book value of £3.5m, equivalent to 37p per share at the year-end.

● **comment**

The unexpected loss at Laurence Scott, caused the share price to drop 4p to 58p yesterday. The loss reflects an alarming decline for Laurence Scott, which has a chequered history over the past decade. Although turnover was up by 10 per cent, high unit labour cost was a major factor in depressing the results. Foreign competition edged the group out in several cases, a scarcity of new orders for electrical motors (which accounts for a significant share of group sales) contributed to the problems, and a failure to meet the planned rate of output at the Norwich works provided the coup de grace. The group also had heavy redundancy payments (£375,000) as a result of the dismissal of about 150 workers between January and March. The company is not paying a final dividend and therefore the shares rest on a 5.1 per cent uncovered yield at 58p, thanks to an interim dividend of 2p. The future does not look bright for Laurence Scott and unless it experiences a sudden upsurge in orders, efficiency and production, the position could be gloomy.

## £0.57m loss at J. Jarvis

J. Jarvis and Sons, building and civil engineering contractor, incurred a loss of £573,857 in the year ended March 31, 1979 compared with profits of £519,248 in the previous year.

Turnover of the group, which carries out a substantial amount of work for Government departments, amounted to £18.77m against £12.64m.

Loss per share is stated as 25.41313p against 17.2291p earnings but a final dividend of 6p is recommended stepping up the total from 9.5417p to 10.9p.

## Fresh moves at Saint Piran

Mr. Max Lewinsohn and two of his colleagues are to seek election to the Board of Saint Piran, the mining and construction company, at the next AGM. Their move reopens the long-running battel the Board of Sain Piran has had with a variety of shareholders but particularly Mr. Lewinsohn and his friends.

In a letter to shareholders the Lewinsohn faction repeats some of the serious allegations which have been made about the Saint Piran Board in the past.

"I do not see the purpose of them trying again," said Mr. Henry Hodding, chairman of Saint Piran, yesterday. The faction had already failed to get on the Board at a previous shareholders meeting. He did not expect it to get many more votes by seeking only to put new men on the Board and not trying to get existing directors off.

### BODYCOTE

Bodycote International announces that contracts have been exchanged for the sale of surplus land and buildings for £900,000. Negotiations are continuing for the sale of a further tranche of surplus land for the sum of £105,000.

NORTH AMERICAN NEWS

# Leading insurance groups turn in increased profits

BY DAVID LASCELLES IN NEW YORK

MARSH AND MACLENNAN, the largest insurance broker in the U.S., reported a 22 per cent increase in net income for the second quarter, attributing this rise to continued growth in brokerage commissions and fees despite intense competition in the business.

Earnings were $21.4m or $1.53 a share, compared with $17.6m or $1.26 a year earlier. Revenues were $130.6m, up 11 per cent on last year's $118.1m.

These results bring Marsh and MacLennan's six-month earnings to $56.3m or $4.04, a figure which includes the $11.1m or 80 cents a share that the company netted on the sale of its 20 per cent stake in Bland Payne, the Lloyd's of London broker, earlier this year.

The sale was part of Marsh and MacLennan's broader strategy, aimed at consolidating its position in the London market through a link with C. T. Bowring, the largest Lloyd's broker.

Commenting on its earnings record, Marsh and MacLennan said that its commissions and fees were still going up, although competition was tending to deflate rates for large corporate risks.

Corroon and Black, the sixth largest U.S. broker, which is in the process of lingking with Minet Holdings of Lloyd's, said that income in the second quarter reached $5.6m or 77 cents, up from $4.8m or 66 cents last year. Six-month earnings were $10.9m or $1.49 against $9.6m or $1.33 last year.

General Reinsurance, the largest reinsurance company in the U.S., also reported higher earnings. Net income in the second quarter was $32.2m or $2.96, up 31 per cent on $24.6m or $2.26 in the second quarter last year.

Six-month earnings were $62.1m or $5.70 compared with $47.5m or $4.36 last year. The company attributed most of the rise to the growth in life reinsurance, as property and casualty reinsurance remained approximately level.

# Strike puts Uniroyal in the red

NEW YORK—Uniroyal expects to report a loss of about $3.2m for the 1979 second quarter because of a six-week strike at four of its tyre plants. In the 1978 second quarter, the company earned $8.5m, or 28 cents a share.

The strike by the United Rubber Workers Union caused it to lose about $42m in sales, and the total cost of the strike to the company is about $10m after taxes, Uniroyal said.

The company also said that the 1979 second-quarter results included an $11m after-tax loss from its European tyre operations, which have now been sold.

Despite the second-quarter loss, Uniroyal expects earnings fort he whole of 1979 to exceed the $5.9m, or four cents a share, of 1978.

Earlier this week, Uniroyal said it signed a final agreement to sell its tyre plants in Germany, France, Belgium and Britain, and textile plant in Luxembourg, to Continental Gummiwerke.

The sale provided Uniroyal with $65m which can be re-invested in areas which offer the company better growth," and had reduced its debt by $100m.

The companies have not announced full details of the transaction.

Reuter

# Higher charges lift Bell Canada

BY OUR MONTREAL CORRESPONDENT

BELL CANADA, the major eastern Canada telecommunications utility whose stock is internationally listed, earned C$118.7m or 72 cents a share in the second quarter against a restated C$81.8m or 55 cents a year earlier excluding a special gain. Revenues were C$1.37bn against C$1.05bn.

The restatement for the 1978 second quarter reflects changes in accounting for foreign currencies. The per share figures also account for the three-for-one stock split which became effective last April.

First half earnings were C$222.2m or C$1.38 per share against C$149.9m or C$1.00, excluding an extraordinary gain. Revenues were C$2.59bn against C$1.96bn. In the second quarter average shares outstanding were 153.6m against 132.3m.

Improved second-quarter earnings resulted mainly from higher telephone rates and growth in demand for long distance and local telecommunications services. The higher rates became effective last August and the company said that by the third quarter the increases will have a diminishing impact on the comparison of 1979 with 1978 results.

Higher revenues from the company's contract in Saudi Arabia also contributed to the gain in earnings in the first half.

# Asbestos in new appeal over State takeover

By Robert Gibbens in Montreal

LAWYERS for Asbestos Corporation, which is under threat of takeover by the Quebec Provincial Government under legislation passed several months ago, plans an immediate appeal against a Quebec Superior Court judgment rejection of the company's request for an injunction against expropriation.

Litigation is expected to be lengthy and the appeal is likely to have the effect of delaying any move the Quebec Government might make to use the expropriation legislation.

Mr. Justice Denis Levesque of Superior Court ruled that the company's request for an interlocutory injunction preventing the Government from using the expropriation legislation pending a court decision on the constitutionality of the legislation itself is "premature."

It is expected that lawyers both for the Government and Asbestos Corporation will appear in court today to present their cases on the appeal issue.

Asbestos Corporation, 54.6 per cent owned by General Dynamics of the U.S. has been negotiating for two years on the acquisition of the controlling block by the Government. The company is the second largest asbestos fibre producer in Quebec and Canada. Because the two sides could not reach agreement on price, and General Dynamics insists it does not want to sell its shares, the Government passed expropriation legislation which it said it would use as a last resort. However, the company has claimed the legislation is unconstitutional, because it was passed in a French-only form, against the provision of the British North America Act, Section 133, and it claims that Asbestos Corporation's Quebec assets cannot be nationalised by the Province because it is a Federally incorporated company.

In Quebec City, Mr. Jacques Parizeau, the Finance Minister, said Quebec will continue negotiations to purchase the General Dynamic stake in Asbestos Corporation "under reasonable terms."

# Stoppage hits United Airlines

By Our Financial Staff

A SECOND quarter operating loss of $173.1m by United Airlines, the largest air carrier in the U.S., gave the parent company UAL Incorporated a net loss for the period of $47.36m against a profit of $97.94m.

The airline's loss which compared with operating earnings last time of $80.1m, was attributed principally to a 58-day strike by engineering workers.

# General Motors stages second quarter advance

BY JOHN WYLES IN NEW YORK

GENERAL MOTORS Corporation, the number one U.S. motor company, managed a 7.4 per cent rise in second quarter earnings despite the domestic petrol shortage which has cut its sales growth.

GM's performance contrasts sharply with that of its main rival, Ford Motor Company, which reported a 5.1 per cent rise in earnings due entirely to its overseas operations. Ford's domestic profits fell by more than 50 per cent.

GM's overseas operations are less extensive and less profitable than those of Ford. Although the company does not provide a breakdown of U.S. and foreign earnings, it is clear that GM has weathered the recent sales slump far better than Ford.

During the quarter, earnings climbed from $1.1bn to $1.19bn on an 11.4 per cent sales increase to $18.98bn. Its worldwide car and truck sales rose slightly from 2.65m to 2.67m.

Nearly every GM quarterly report for the past two years has stressed declining profit margins, and yesterday's was no exception. Profits were 6.3 per cent of sales compared with 6.5 per cent last year and 7 per cent in the first quarter of 1979.

With a possible eye to pay negotiations which got under way with the United Auto Workers last week, GM also stressed that expressed in constant dollars, sales have risen by 19 per cent since 1973 but net income is down by 6 per cent.

Surprisingly, Mr. Thomas A. Murphy, chairman, and Mr. Eliott M. Estes, president, have not turned pessimistic as a result of the petrol shortage and the slowdown in consumer spending. "With favourable prospects for increased gasoline supplies, we expect new vehicle sales to return to more normal patterns," they said.

Net income for the first half reached $2.45bn or $8.52 a share against $1.98bn or $6.89.

# Diversification by Trans World

BY STEWART FLEMING IN NEW YORK

TRANS WORLD Corporation, parent company for Trans World Airlines and the Hilton Hotel chain, has announced an unusual diversification move, a bid for a leading U.S. real estate broker, Century 21, worth $90m.

Trans World said that, under the agreement with the California-based concern, it would pay 49 per cent in cash and 51 per cent in preferred stock for Century 21, with the cash offer worth $28.50 a share.

Century 21 is a real estate sales organisation which operates in the U.S. and Canada with about 7,500 real estate agents linked on a franchise basis. The total number of individual agents in the system is around 75,000. In its latest financial year, Century 21 reported net income of $5.3m on sales revenues of $36m.

The real estate brokerage business has been booming in the U.S., partly because of the inflationary spiral in house prices and the ready availability of funds for house purchase until this year. Increasingly corporations are organising on a national basis in the industry making it easier to accommodate home purchasers who are moving widely from district to district. Nevertheless, the privately owned individual estate agency still predominates.

Trans World is not the first large company to seek to expand in the business however. Some stock brokers have been entering the business, seeing it as a natural offshoot.

# Solid growth at Schlumberger

BY OUR FINANCIAL STAFF

WITH ITS U.S. operations back on an upward trend, Schlumberger, the Wall Street glamour stock, best known for its worldwide oilwell logging service, has reported a 22 per cent jump in net profit to $160.9m in the three months to June 30.

The second quarter earnings, based solidly on a 20 per cent jump in revenue to $804.9m, took the net profits figure for the first six months to $289m against $229m for the corresponding period last year.

The performance underlines the impressive profit growth record stretching back more than a decade. While oilwell logging services are the backbone of earnings the group also has a sizeable drilling and production unit that drills oil wells.

The second quarter figures are broadly in line with New York analysts' expectations and reinforce their belief that the group is on the way to a full year net figure of around $607m.

But that does not include any contribution from the Fairchild Camera and Instrument Corporation which Schlumberger has acquired. The new subsidiary will be consolidated from July 1.

Yesterday Fairchild also released its second quarter figures which showed net income doubled to $12.6m on revenue up 33 per cent at $172.7m. The results took the first half profit to $19.6m compared with $12m a year ago while revenue was $321.8m against $251m.

# Standard Brands moves ahead

BY OUR FINANCIAL STAFF

A QUICKENING pace of earnings growth in the second quarter at Standard Brands has lifted the net total for the first six monhs by 9.3 per cent to $35.1m, with share earnings at $1.23 against $1.14. Sales for the half year are 6.7 per cent higher at $1.27bn.

Analysts have predicted full year earnings of $2.95 to $3.00 a share from the company, a diversified food and wines group, compared with $2.68

The second quarter brought a 10.6 per cent gain in net earnings to $18.8m, or 66 cents against 60 cents previously. At $667.2m, sales are 8.7 per cent higher.

Consumer food operations, which provide some 83 per cent of group earnings, have shown good growth in recent years, but corn sweetener operations have held the group in check, especially in 1976 and 1977, when earnings made little effective progress. In addition, the company underwent a sudden change in management personnel in October last year when Mr. Reuben Gutoff was replaced as president by Mr. O. Lester Applegate.

Mr. F. Ross Johnson, chairman and chief executive officer, brought Mr. O. Lester Applegate back from early retirement to replace Mr. Gutoff at the top. Mr. Applegate has said that he intends to have all of Standard Brands on the mend before he retires again in four years time.

# Foreign results boost earnings at Mobil

BY OUR NEW YORK STAFF

MORE U.S. oil companies have achieved sharply better earnings for the second quarter.

Mobil, the country's second largest oil company, said net income was $404m, equal to $1.91 a share, and an increase of 38 per cent on the $293m, or $1.38 a share, earned last year. Revenues were up 19 per cent to $10.6bn. These results brought first-half earnings to $841m and revenues to $21bn.

Mobil attributed the improvement to foreign energy and chemical earnings, mainly due to higher production in Indonesia and the North Sea. By contrast, U.S. energy and retailing earnings were down because of minimal increases in fuel production and a declining performance by its Montgomery Ward retailing subsidiary.

Pursuing its claims that its profits are not inordinate, Mobil noted that its rate of return on shareholders' equity was 16.1 per cent, only slightly above average, and worldwide petroleum earnings averaged 2.7 cents per gallon.

Standard Oil of California (Socal), also attributed the strength of foreign as opposed to domestic operations for its 60 per cent rise in earnings, from $256m or $1.51 a share to $412m or $2.41 a share. Revenue rose from $6bn to $7bn. Six month earnings were $759m, equal to $4.44 a share, against $499m or $2.93 a share, and revenues were $13.9bn against $11.7bn last year.

Foreign petroleum earnings were up 90 per cent to $274m, Socal said, but domestic earnings declined due to the high cost of purchased petrol and other products, along with delays in recovery of foreign crude oil price increases.

By contrast, Atlantic Richfield said that higher prices and production of Alaskan oil were the primary factor contributing to its 23 per cent earnings increase, from $210.9m or $1.73 a share, to $260.4m or $2.12 a share. Sales rose from $3.1bn to $3.7bn. Six month earnings were $503m, equal to $4.10 a share, and revenues $7.3bn.

Mr. Robert Anderson, chairman, said that President Jimmy Carter's oil price decontrol programme "will allow increased profits, and if the so-called windfall profits tax does not unduly siphon these profits away, he should be permitted to move more boldly in an exploration programme, not only in Alaska, but in other domestic areas."

Conoco reported a net income of $215.8m or $2.01 a share, up 40 per cent on the $153.8m or $1.43 a share earned in last year's corresponding quarter. Revenues were $3bn, up from $2.5bn. Six month earnings totalled $377.6m, equal to $3.51 a share, against $190.3m or $1.77 a share when earnings were depressed by a coal strike. Most of the latest improvement was due to better petroleum and chemical earnings.

Earnings at Phillips Petroleum for the second quarter were $214.6m or $1.39 a share on revenues of $2.22bn. Last year they were $149m or 97 cents a share on revenues of $1.73bn. Six month profits amounted to $391.6m or $2.54 a share on revenues of $4.2bn. This compares with earnings of $319.8m or $2.08 a share on revenues of $3.47bn in the first half of last year.

About half this increase, Phillips said, came from chemical operations and most of the rest from worldwide petroleum operations.

EUROBONDS

# Foreign buying lifts DM issues

By Francis Ghilès

THERE was very little activity in the Eurobond markets yesterday except in the Deutsche-Mark sector where prices moved up by an average of a quarter of a point: foreign buyers were still very much in evidence despite the slight weakening of the D-Mark against the U.S. dollar on the day.

Bond prices moved erratically in the dollar sector. Small orders to sell or buy moved bonds by as much as half a point either way on the day.

While the Eurobond community reacted positively to the appointment of Paul Volcker to the chairmanship of the U.S. Federal Reserve, most bankers are convinced that higher U.S. interest rates are now just a matter of days or weeks away rather than months. Hence the confusion prevailing in the market. Investors are waiting but sellers are nowhere to be seen.

The $80m ten-year FRN for Bank Handlowy was priced at par with indicated conditions otherwise unchanged—an interest rate of ¾ per cent over the six-month Libor rate with a minimum coupon of 7¼ per cent. Lead manager is Banque Nationale de Paris.

The $125m 15-year issue for Michelin, which carries a coupon of 10 per cent has been priced at 99½. Lead manager is BNP.

Nomura Securities is arranging a Y15bn ten-year bond for the European Investment Bank. The borrower will be paying a coupon of 7¼ per cent and the bonds are expected to be priced at 99½ to yield 7.86 per cent at maturity. A purchase fund will operate from October 1, 1979, which will reduce the life of the bonds to eight years.

# Pan Am wins National fight

NEW YORK—Pan American World Airlines now holds 4,388,500 shares, or 51.4 per cent, of National Airlines.

Pan Am said that at the close of business on Tuesday it held 4,273,500, or 49.9 per cent of National's stock.

Pan Am bought 1,060,000 shares of National on Tuesday, boosting its stake to 49.9 per cent from 36 per cent.

The company was widely believed to be the buyer of a block of 122,600 shares of National that traded on the New York Stock Exchange on Thursday at $49.50.

Agencies

# Eastman Kodak sales increase

By Our Financial Staff

DESPITE A boost in profits and sales in the second quarter, Eastman Kodak sees rising costs and a slowdown in the U.S. economy as sources of concern in the second half.

Kodak's sales for the first half were $3.45bn against $2.95bn with net profits at $420m compared with $332m. Per share earnings were $2.60 against $2.06. Sales for the second quarter were $1.80bn compared with $1.57bn and net profits increased to $222.7m from $191.8m. Earnings per share were ahead at $1.38 from $1.19 for the second quarter.

# K Mart offer

Mobile—Morrison the supermarket group, announced that K Mart Corporation has proposed a cash tender offer for about 45 per cent of Morrison's common stock at $19 a share and an exchange of three-fourths of a share of K Mart common for each of the remaining shares of Morrison. Morrison has about 12m common shares outstanding.

AP-DJ

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 26

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Alcoa of Australia 10 89 | 60 | 97⅞ | 98⅜ | +0¼ | −0⅛ | 10.30 |
| Alex Howden XW 9½ 91 | 30 | 83¼ | 84¼ | +1⅛ | 0 | 12.15 |
| Avco O/S Cap. 10¼ 87 | 40 | 96⅞ | 97⅜ | −0⅛ | −0⅞ | [illegible] |
| Bayer Int. F. XW 7¼ 89 | 200 | 83¼ | 83¾ | 0 | −0⅜ | 10.05 |
| CECA 9¼ 84-99 | 50 | 94⅛ | 94⅝ | −0⅛ | −0½ | 10.04 |
| CECA 10⅞ 91 | 150 | 97¼ | 98⅛ | +0¼ | 0 | 11.07 |
| Canada 9 83 | 400 | 97⅞ | 98⅜ | +0⅛ | −0⅛ | 9.77 |
| Canada 9¼ 98 | 350 | 95⅞ | 97⅛ | +0⅛ | −1 | 9.81 |
| Canadian Pacific 9⅞ 89 | 50 | 97⅝ | 98⅛ | 0 | −0⅛ | 10.60 |
| Carter Hawley 9¾ 88 | 50 | 96⅝ | 97⅛ | +0⅛ | −0⅛ | 10.40 |
| Comalco Inv. E. 10¼ 91 | 40 | 99½ | 100 | +0⅛ | +0⅛ | 10.28 |
| Continental Grp. 9⅝ 86 | 100 | 97⅛ | 97⅞ | +0⅛ | −0⅛ | 10.11 |
| Dome Petroleum 10 84 | 50 | 98½ | 98⅞ | +0⅛ | −0⅛ | 10.49 |
| Dominion Bridge 10¼ 84 | 30 | 99⅛ | 100 | 0 | 0 | 10.30 |
| Dow Chem. O/S 9¾ 94 | 200 | 96⅞ | 97⅜ | −0⅛ | −1 | 9.99 |
| EIB 9⅝ 86 | 150 | 99⅛ | 99⅝ | 0 | −0⅛ | 10.08 |
| EIB 9⅞ 99 | 100 | 99 | 99½ | −0⅛ | −0⅛ | 10.21 |
| EIB 9⅞ 87 | 150 | 100 | 100½ | +0⅛ | −0⅛ | 10.07 |
| EIB 10 98 | 150 | 100 | 100½ | 0 | 0 | 10.22 |
| Export Dv. Cpn. 9.85 84 | 150 | 99⅞ | 100⅜ | −0⅛ | −0⅛ | 10.05 |
| Export Dv. Cpn. 9¼ 84 | 100 | 97⅛ | 97⅝ | 0 | −0⅛ | 9.96 |
| Finland 9½ 86 | 100 | 96⅞ | 97⅜ | +0⅛ | −0⅛ | 10.09 |
| Finland 9⅝ 88 | 100 | 98¼ | 98¾ | +0⅛ | −0⅛ | 10.11 |
| GTE Finance 9½ 84 | 50 | 97¼ | 97¾ | +0⅛ | −0⅛ | 10.21 |
| GTE Finance 9¾ 89 | 50 | 96⅜ | 96⅞ | −0⅛ | 0 | 10.43 |
| General Motors 9⅛ 89 | 100 | 97½ | 98 | +0⅛ | −0⅛ | 9.70 |
| Gould Int. Fin. 9⅜ 85 | 50 | 97⅝ | 98⅛ | −0⅛ | −0⅛ | 10.18 |
| Hoechst Fin. XW 6½ 89 | 125 | 78¼ | 78¾ | +0⅛ | −0⅛ | 10.11 |
| Hudson Bay Co. 10 84 | 50 | 99¼ | 99¾ | 0 | −0⅛ | 10.12 |
| ITT Antilles 9⅛ 89 | 75 | 96 | 96½ | +0⅛ | −0⅛ | 10.11 |
| Kennecott Int. 9⅝ 86 | 100 | 94¼ | 95¼ | +0⅛ | −0⅛ | 10.55 |
| Manitoba 9½ 89 | 75 | 95⅞ | 96⅜ | +0⅛ | −0⅛ | 10.13 |
| Nat. Des Telecm. 9½ 86 | 100 | 97⅝ | 98⅛ | +0⅛ | −0½ | 9.93 |
| New Brunswick 9⅝ 94 | 75 | 96 | 96½ | +0⅛ | −0⅛ | 10.24 |
| Newfoundland 10 94 | 50 | 98⅛ | 98⅝ | +0⅛ | −0⅛ | 10.17 |
| Norsk Hydro 9⅛ 94 | 50 | 94½ | 94⅞ | −0⅛ | −0⅛ | 9.95 |
| Norway 9⅝ 84 | 150 | 100 | 100⅜ | 0 | −0⅛ | 9.81 |
| Norway 9½ 84 | 150 | 98⅛ | 98⅝ | +0⅛ | −0⅛ | 9.92 |
| Nova Scotia Pwr. 9¾ 89 | 50 | 97⅛ | 97⅞ | +0⅛ | −0⅛ | 10.13 |
| Occidental Fin. 10¼ 84 | 50 | 99½ | 100 | +0⅛ | +0⅛ | 10.30 |
| Orient Leasing 9½ 86 | 25 | †95¼ | 95¾ | +0⅛ | −0⅛ | 10.44 |
| Pennwalt O/S F. 9¾ 84 | 25 | 97⅞ | 98⅛ | 0 | −0⅛ | 10.24 |
| Pepsico Cap. 9¼ 84 | 100 | 97⅜ | 98⅛ | +0⅛ | −0⅛ | 9.78 |
| Portland 10 84 | 50 | 97 | 97½ | 0 | −0⅛ | 10.75 |
| Quebec Hydro 10 99 | 75 | 96⅛ | 96⅝ | −0⅛ | −0⅛ | 10.49 |
| Redland Fin XW 9½ 91 | 25 | 91½ | 92 | −0⅛ | −0⅛ | 10.78 |
| Sears Roebuck 9 82 | 150 | 97¼ | 98¼ | +0⅛ | −0⅛ | 9.88 |
| Stockholm 9¼ 84 | 50 | 98⅝ | 99⅛ | −0⅛ | −0⅛ | 10.14 |
| Sweden 9⅜ 89 | 100 | 98⅜ | 98⅞ | +0⅛ | −0⅛ | 9.96 |
| Sweden 9½ 86 | 200 | 98⅜ | 98⅞ | +1⅛ | −0⅛ | 10.02 |
| Unilever NV 9¼ 87 | 100 | 96¼ | 96¾ | +0⅛ | −0⅛ | 9.90 |
| Werner-Lambert 9 84 | 100 | 96⅞ | 97⅜ | +0⅛ | −0⅛ | 9.75 |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| American Ex. Int. 5½ 87 | 70 | 94½ | 94⅞ | +0⅛ | +0½ | 6.44 |
| Argentina 6½ 88 | 150 | 89⅞ | 90⅜ | +0½ | +0⅛ | 8.07 |
| Argentina 7½ 88 | 150 | 94⅛ | 95¼ | +0⅛ | +0⅛ | 8.28 |
| Austria 5¾ 90 | 150 | 91⅞ | 92⅛ | +0⅛ | +1⅞ | 6.82 |
| Banco Desarrollo 7¼ 86 | 100 | 94⅝ | 95⅛ | −0 | +0⅛ | 8.25 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SWISS FRANC STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

YEN STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

OTHER STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

FLOATING RATE NOTES

| | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

CONVERTIBLE BONDS

| | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

* No information available—previous day's price.
† Only one market maker supplied a price.



## AMERICAN QUARTERLIES

ANHEUSER-BUSCH

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 712.9m | 581.8m |
| Net profits | 36.94m | 33.19m |
| Net per share | 0.80 | 0.74 |
| Six months | | |
| Revenue | 1.34bn | 1.06bn |
| Net profits | 60.47m | 53.63m |
| Net per share | 1.34 | 1.19 |

ARVIN INDUSTRIES

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 117.1m | 125.0m |
| Net profits | 3.74m | 6.76m |
| Net per share | 0.48 | 0.88 |
| Six months | | |
| Revenue | 241.1m | 232.0m |
| Net profits | 10.28m | 11.14m |
| Net per share | 1.32 | 1.47 |

COCA-COLA BOTTLING NY

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 140.1m | 105.5m |
| Net profits | 5.18m | 4.45m |
| Net per share | 0.24 | 0.25 |
| Six months | | |
| Revenue | 254.1m | 189.0m |
| Net profits | 6.86m | 6.62m |
| Net per share | 0.33 | 0.37 |

CUMMINS ENGINE

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 453.1m | 356.7m |
| Net profits | 8.01m | 14.22m |
| Net per share | 0.95 | 1.68 |
| Six months | | |
| Revenue | 903.7m | 717.1m |
| Net profits | 30.55m | 35.06m |
| Net per share | 3.61 | 4.15 |

FRANK B. HALL

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 63.6m | 46.2m |
| Net profits | 7.31m | 6.13m |
| Net per share | 0.80 | 0.68 |
| Six months | | |
| Revenue | 122.5m | 89.5m |
| Net profits | 14.1m | 11.7m |
| Net per share | 1.55 | 1.30 |

HUDSON'S BAY OIL & GAS

| Second quarter | 1979 C$ | 1978 C$ |
|---|---|---|
| Revenue | 103.8m | 84.8m |
| Net profits | 29.98m | 26.54m |
| Net per share | 1.58 | 1.38 |
| Six months | | |
| Net profits | 61.2m | 54.6m |
| Net per share | 3.22 | 2.87 |

HUGHES TOOL

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 189.5m | 159.1m |
| Net profits | 19.15m | 16.59m |
| Net per share | 1.33 | 1.16 |
| Six months | | |
| Revenue | 355.9m | 298.4m |
| Net profits | 33.51m | 28.5m |
| Net per share | 2.33 | 2.00 |

JOHNSON AND JOHNSON

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 1.04bn | 896.5m |
| Net profits | 88.44m | 80.26m |
| Net per share | 1.44 | 1.34 |
| Six months | | |
| Revenue | 2.11bn | 1.73bn |
| Net profits | 183.4m | 157.74m |
| Net per share | 3.00 | 2.66 |

LTV

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 2.03bn | 1.33bn |
| Net profits | 40.3m | 35.8m |
| Net per share | 1.40 | 2.40 |
| Six months | | |
| Revenue | 4.01bn | 2.57bn |
| Net profits | 80.8m | 27m |
| Net per share | 2.81 | 1.76 |

McDONALD'S CORPORATION

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 489.5m | 430.5m |
| Net profits | 53.18m | 45.19m |
| Net per share | 1.32 | 1.11 |
| Six months | | |
| Revenue | 908.0m | 793.7m |
| Net profits | 89.36m | 76.21m |
| Net per share | 2.22 | 1.88 |

MURPHY OIL

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 363.2m | 264.7m |
| Net profits | 21.9m | 8.14m |
| Net per share | 1.76 | 0.66 |
| Six months | | |
| Revenue | 726.8m | 602.4m |
| Net profits | 36.9m | 18.3m |
| Net per share | 2.97 | 1.47 |

NL INDUSTRIES

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 563.46m | 491.65m |
| Net profits | 27.68m | 23.23m |
| Net per share | 0.81 | 0.68 |
| Six months | | |
| Revenue | 1.07bn | 911.0m |
| Net profits | 46.75m | 38.22m |
| Net per share | 1.36 | 1.11 |

OLIN

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 471.8m | 416.1m |
| Net profits | 27.35m | 25.99m |
| Net per share | 1.14 | 1.08 |
| Six months | | |
| Revenue | 909m | 762.5m |
| Net profits | 44.84m | 29.75m |
| Net per share | 1.87 | 1.24 |

PEABODY INTERNATIONAL

| Third quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 157.2m | 150.8m |
| Net profits | 7.67m | 6.65m |
| Net per share | 0.80 | 0.69 |
| Nine months | | |
| Revenue | 438.98m | 390.4m |
| Net profits | 19.08m | 16.55m |
| Net per share | 1.99 | 1.73 |

PUROLATOR

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 118.9m | 99.1m |
| Net profits | 4.75m | 3.86m |
| Net per share | 1.05 | 0.84 |
| Six months | | |
| Revenue | 233.9m | 193.2m |
| Net profits | 9.07m | 6.58m |
| Net per share | 1.99 | 1.43 |

RESORTS INTERNATIONAL

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 101.6m | 47.0m |
| Net profits | 22.07m | 8.39m |
| Net per share | 1.75 | 0.82 |
| Six months | | |
| Revenue | 165.8m | 73.3m |
| Net profits | 41.05m | 10.18m |
| Net per share | 3.26 | 1.01 |

ROYAL CROWN COMPANIES

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 104.3m | 101.1m |
| Net profits | 4.39m | 3.69m |
| Net per share | 0.53 | 0.45 |
| Six months | | |
| Revenue | 203.4m | 190.7m |
| Net profits | 7.72m | 5.87m |
| Net per share | 0.94 | 0.72 |

SOUTHLAND

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 959.6m | 777.5m |
| Net profits | 22.44m | 18.24m |
| Net per share | 1.07 | 0.87 |
| Six months | | |
| Revenue | 1.77bn | 1.43bn |
| Net profits | 30.56m | 25.29m |
| Net per share | 1.46 | 1.22 |

SUN COMPANY

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 2.5bn | 1.9bn |
| Net profits | 158.5m | 101.2m |
| Net per share | 2.74 | 1.90 |
| Six months | | |
| Revenue | 4.9bn | 3.6bn |
| Net profits | 270.8m | 185.4m |
| Net per share | 4.83 | 3.19 |

TEXAS EASTERN

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 660.7m | 478.2m |
| Net profits | 39.68m | 32.06m |
| Net per share | 1.57 | 1.29 |
| Year | | |
| Revenue | 2.4bn | 1.97bn |
| Net profits | 151.22m | 134.79m |
| Net per share | 6.02 | 5.42 |

TRW

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 1.19bn | 956.4m |
| Net profits | 54.2m | 46.9m |
| Net per share | 1.47 | 1.27 |
| Six months | | |
| Revenue | 2.25bn | 1.83bn |
| Net profits | 99m | 82.7m |
| Net per share | 2.66 | 2.25 |

UNITED ENERGY RESOURCES

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 557.5m | 445.3m |
| Net profits | 23.21m | 18.22m |
| Net per share | 1.95 | 1.55 |
| Six months | | |
| Revenue | 1.34bn | 972.4m |
| Net profits | 49.62m | 42.93m |
| Net per share | 4.18 | 3.63 |

VARIAN ASSOCIATES

| Third quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 130.3m | 105.4m |
| Net profits | 5.42m | 3.85m |
| Net per share | 0.72 | 0.51 |
| Nine months | | |
| Revenue | 350.2m | 285.4m |
| Net profits | 12.48m | 9.11m |
| Net per share | 1.67 | 1.21 |

VULCAN MATERIALS

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 197.1m | 171.4m |
| Net profits | 16.81m | 17.44m |
| Net per share | 1.45 | 1.50 |
| Six months | | |
| Revenue | 345.1m | 294.9m |
| Net profits | 22.89m | 21.27m |
| Net per share | 1.96 | 1.83 |

WARNACO

| Second quarter | 1979 $ | 1978 $ |
|---|---|---|
| Revenue | 95.0m | 81.8m |
| Net profits | 1.15m | 809,900 |
| Net per share | 0.25 | 0.17 |
| Six months | | |
| Revenue | 195.8m | 169.3m |
| Net profits | 3.09m | 2.32m |
| Net per share | 0.70 | 0.52 |

هكذا من الأصل

FRENCH COMPUTER INDUSTRY

# Policy clash between state and CGE

BY DAVID WHITE IN PARIS

THE PROSPECT of an imminent change in the shareholding structure of CII Honeywell Bull, the Franco-U.S. computer company, was opened up yesterday with confirmation of a policy row between the two main French shareholders, the state and Compagnie Générale d'Electricité (CGE).

A cryptic communique from CGE, the large French electrical group which was instrumental in forming the computer concern three years ago, said that it had "felt obliged to decline" Government proposals for the future development of CII Honeywell Bull.

The diversified French industrial group, Sain-Gobain-Pont-à-Mousson, has already made clear its interest in taking an important stake in CII-HB.

CGE refused to elaborate on its statement, which described the computer company's performance as "satisfactory." CGE currently holds a 20 per cent interest, identical to the French state's in Compagnie des Machines Bull, which in turn has 53 per cent of CII-HB, the remaining 47 per cent being held by Honeywell Information Systems of the U.S.

Saint-Gobain is known to be seeking a larger stake than CGE's in order to gain a blocking minority interest—30-40 per cent—in the Franco-U.S. venture. A decision on whether or not CGE will hold on to its shareholding is not expected, however, until after the August holiday.

The French Government is believed to favour the Saint-Gobain move, in order to bolster the resources needed to ensure CII-HB's competitive position in new computer technology. The proposal would also tie in with Saint-Gobain's own move into the electronics field, notably a joint venture set up last year with National Semiconductors of the U.S. to produce integrated circuits in France.

Saint-Gobain wants a blocking interest in order to play a major role in the computer company's development. The strategy pursued by CII-HB and by the French state has in some areas come into conflict with that of CGE, which has its own interests in computer peripherals.

CGE's statement is the first hint by any of the major shareholders that it might be prepared to cede an interest in the company, which is due to stop receiving French state subsidies next year.

The communiqué, after a favourable comment on CII-HB's record, said the CGE board had "taken note of steps envisaged by the authorities for the development of *CII-Honeywell Bull*, as well as the conditions under which it is proposed CGE should assume . . . responsibility for this development. After attentive examination of these proposals, the board felt obliged to decline."

Purchase of CGE's interest would be only the first step in the proposed Saint-Gobain move. The company is believed to have had contacts with Honeywell over acquiring part of the U.S. stake, although Honeywell has in the past declared itself satisfied with the current arrangements.

Acquisition of a major stake on the open market has been ruled out because of the probable effect on the share price and the consequent extra cost. Sixty per cent of Machines Bull is publicly held, with the stock spread among 50,000 shareholders. The company's shares are traded in France, West Germany and Switzerland.

## Belgian bank first half augurs well

By Our Financial Staff

ANOTHER satisfactory year is in prospect at Société Générale de Banque, the largest bank in Belgium.

The bank says that its results for the first six months together with budgets for the remainder of the year "augur well" for 1979. The bank is optimistic despite persistent problems associated with the world energy and monetary crises.

Last year profits at *SGB* rose by an eighth to BFr 1.8bn ($62m) following an expansion in the balance sheet total to BFr 748bn from BFr 653bn. The 1978 dividend went up to BFr 220 from BFr 204 a share.

Non-consolidated balance sheet total rose by 7.5 per cent to BFr 804bn at end-June from the end-1978 level. Customers' deposits and cash certificates rose 5.7 per cent to BFr 458bn, and banks' and subsidiaries creditor accounts rose 9.8 per cent to BFr 277bn.

*Overall* aid to the private sector was 6.4 per cent higher at BFr 457bn, and credits the bank granted to the public sector rose 3 per cent to BFr 221bn.

## Aid package agreed for Volvo's Dutch subsidiary

BY CHARLES BATCHELOR IN AMSTERDAM

*THE DUTCH* Government and Volvo of Sweden are to provide *Fl 231m ($115m) in aid to the* Swedish car maker's Dutch *subsidiary*, *Volvo Car. These* funds are to be used for the *further development of the 343* model, and for a successor to *the 343 which will be introduced* in the late 1980s, Mr. *Hans Wiegel*, *deputy prime* minister, announced yesterday.

The government will provide Fl 155m and Volvo Fl 76m of this aid package, which is the second to be announced within 18 months. In January 1978, state and Volvo funds totalling nearly Fl 200m were provided to help Volvo Car out of its difficulties, which were largely caused by problems with the 343.

*No change has occurred* in the respective holdings of the *Dutch Government* and the Swedish company as a result of *the latest aid package*, although earlier reports suggested that *Volvo wanted to reduce its* stake further. In 1978, the *Netherlands increased its* holding to 45 per cent from the 25 per cent *held previously*.

One of the conditions of the government's support is that the new car should be developed as far as possible in the Netherlands. *The Dutch unions* have been worried that Volvo would *transfer production* to Sweden.

Volvo Car said that it is *pleased that its future has now* been guaranteed. The Fl 2,312m *will not be enough in itself* to fund the development of the *new model*, but Volvo Car hopes to be out of the red in *1982, and retained profits will* then be used to finance about *two-thirds of the expected development costs.*

*Of the state share of Fl 155m, Fl 39m* is composed of loans *and advances* which the state has said need not be paid back *while* conditions for granting the remaining Fl 116m are still *being discussed*. Details of the conditions attached to the aid will now be discussed with the unions, while the Dutch Government, Volvo and Volvo Car have still to sign the formal aid agreement, the Economics Ministry said.

After early teething troubles, the 343 has been selling well. A manual gear-box version has now been introduced. Volvo Car expects to produce 89,000 of the 343 and 66 models this year, compared with its initial forecast of 80,000. Estimated production of 91,000 units next year is certain to be exceeded, the company said.

## Swiss banking results show rising trend

By John Wicks in Zurich

MORE FAVOURABLE comment emerged from the Swiss banking community yesterday, with both Swiss Bank Corporation and Swiss Volksbank indicating a trend towards rising business volume.

Operating profits at SBC for the first half *of 1979* were said to be satisfactory, while Swiss *Volksbank disclosed* an improvement in interest margin surplus *in the second quarter of the* year. On Wednesday, Union *Bank of Switzerland* reported satisfactory first half earnings.

SBC, Switzerland's *biggest* bank, said income was "rather *above*" *that for the same period* of 1978, particularly due to *higher earnings from interest* and commission business and *from trading in precious metals.* Income from securities and *profits from trading in foreign* exchange was down, however. *Operational costs increased* slightly, but within budgeted limits.

Balance-sheet total rose to *SwFr 63.84bn at mid-year, com*pared with SwFr 63.24bn last *December. There was a* "marked" rise — from *SwFr 33.58bn to SwFr 35.43bn* —in the customers' funds total, *while on the assets side of the* balance-sheet, loans to clients jumped from *SwFr 22.85bn to* SwFr 28.17bn. The sum due to banks declined *from* SwFr 22.24bn to SwFr 21.37bn *over the six-month period, that* due from banks sinking from *SwFr 27.63bn to SwFr 22.66bn.*

Although margins tightened *further, rising business volume* has allowed Swiss Volksbank to lift its surplus on interest margin in the 1979 second *quarter. Earnings from securi*ties business and foreign exchange dealings were also favourable, the bank said, but *gave no figures.* Costs showed a slower increase compared with the same period of 1978.

Balance sheet total in the second quarter rose by 7.6 per cent to SwFr 14.60bn from the SwFr 13.56bn at the end of March. In the first six months the increase was 12.8 per cent. Total lending to customers rose by SwFr 704m to SwFr 11.34bn in the quarter.

## Profits dip at Dresdner Intl.

FRANKFURT — Cie Luxembourgeoise de la Dresdner Bank (Dresdner Bank International) *reports* net *profits* slightly higher in the year ended March 1979 to *LuxFr* 1.16bn against LuxFr 1.08bn. The subsidiary's balance sheet total rose by around 16 per cent to *LuxFr 256bn, with balances due* from banks at sight and at term *increasing by LuxFr 27.3bn* to LuxFr 118bn.

*Dividend is unchanged* at 18 per cent on eligible capital of LuxFr 2.5bn with LuxFr 705m being transferred to open *reserves*.

At the same time, the balance sheet total of Bayerische Landesbank Girozentrale rose 7.7 per cent in the first six months of this year to DM 67.96bn, compared with a 8 per cent gain in the same period.

Reuter

## Hochtief to lift dividend

BY GUY HAWTIN IN FRANKFURT

HOCHTIEF is recommending an 18 per cent payout to its shareholders for 1978—up from 1977's 14 per cent—following a 55 per cent increase in net profits. If the recommendation is accepted by the August 30 annual meeting, holders will receive an unchanged DM 7 per DM 50 nominal share plus a bonus of DM 2 a share.

Net profits rose from 1977's DM 36.3m to DM 56.2m ($30.9m), while the output of Hochtief, one of the Federal Republic's largest construction concerns, increased by 27.4 per cent from DM 3.61bn to DM 4.3bn ($2.37bn).

Once again the group is allocating a substantial proportion of profits to reserves —DM 15.5m *for 1979 compared* with the previous year's DM 15.6m — to guard against possible risks in its substantial overseas business. Last year the group's construction output abroad increased from 1977's DM 1.76bn to DM 2.34bn.

Hochtief is also expecting 1979 to be a good year, with construction output topping the DM 5bn mark. The group's order book, which last year rose from DM 4.55bn to DM 4.88bn, has shown further powerful growth, particularly in the home market.

AUSTRALIAN FINANCE

# Foreign banks state their case

BY JOHN ROGERS IN SYDNEY

THE LEGION of foreign banks here knocked loudly on the door of the Australian banking industry this week, only to find the banks still in conference deciding on future plans.

The occasion for this was the opening of the Inquiry into the Australian Financial System, headed by Mr. Keith Campbell, the chief executive of Hooker, the diversified property group —the first such inquiry since 1937. Over the next two years the five-strong committee will study submissions, both public and confidential, and hold public inquiries in all capital cities.

In a Herculean undertaking it will study all aspects of the monetary system from the ability of government to fund deficits right down to the small businessman's ability to raise a short-term loan.

But for the ever-growing line of foreign banks, currently trading in Australia under the restrictive mantle of merchant banks, it presents the best opportunity since the war to open the doors of the free enterprise banking system.

The timing is good, as the banking industry came in for severe criticism over its handling of the Bank of Adelaide "lifeboat" operation earlier in the year when the banks, somewhat reluctantly, closed ranks behind the Reserve Bank and sent the ANZ in to bail out the bank.

There was quite a bit of behind-the-scenes movement from the foreign banking sector at the time, as they eyed the Adelaide's banking licence, but in the end they stayed their hand. They could see a better, and less controversial, opening on the horizon—the Campbell Inquiry.

And this week they came out with their big guns firing. Although there are many more submissions to come, including some from the large American banks, the foreign banks put their point across with eloquence. Rather than attacking the closed-shop attitude of the banking industry; they pointed to the inherent advantages they could bring, not only to the industry, but also to the nation.

Foreign banks made their presence felt among the 140 submissions released—all predictably calling for deregulation of the banking industry in differing degrees. However, all wanted access to a freer foreign exchange market, an area near to the hearts of Australian banks.

**The Campbell Inquiry into the Australian financial system is an Herculean undertaking, that will study all aspects of the monetary system, from the ability of government to fund deficits down to the small businessman's ability to raise a short-term loan. For the foreign bankst rading in Australia under the restrictive mantle of merchant banks, it presents the best opportunity since the war to open the doors of the free enterprise banking system**

This is understandable, with heavyweight companies such as BHP, CRA, MIM, CSR and a whole host of alumina groups ready to borrow capital over the next decade to fund new resource projects. State governments have been given the green light for offshore borrowings to fund new infrastructure for these projects and merchant banks are already beating a path to their door with offers of cheap Eurodollar borrowings.

The Standard Chartered Bank of the UK pointed out that if offshore banks were allowed to operate in Australia the country could easily rank with the world's leading centres and emerge as the financial centre for the Pacific Basin area.

Midland Bank of the UK said that foreign bank participation would diversify the supply of funds for national development and result in increased competition and greater choice to the consumer, without challenging the traditional role of Australian banks.

Barclays Bank was more interested in dealing in foreign exchange, letters of credit and bills rather than branch banking. It suggested that international banks be granted a secondary licence to concentrate on these fields.

The Bank of Tokyo contended that Australia's exchange controls were "appalling" and said its participation in forward exchange cover—until now in the hands of the Reserve and the trading banks, although merchant banks have conducted a "grey market" for years—would help stabilise the important trading relationship between Australia and Japan.

While taking the same line—that a free exchange market would enable the import of the large amounts of foreign capital needed for resource development—the Bank of America also made the point that the entry of foreign banks into Australia would lead to a rationalisation of existing foreign banking interests.

The First National Bank of Chicago urged full banking status for foreign banks as long as certain criteria concerning financial standing were met.

The foreign banks were quick to point out that Australia ranks among the few countries of the world to discourage the entry of foreign banks. They also said that increased competition and less restrictions placed on the industry by the Reserve Bank would lead to Australian banks opening more offices overseas. This is already under way on a small scale in the key financial centres.

Unfortunately, the Australian banks' reaction to these submissions is unclear since the Australian Bankers Association, the industry's representative body, has not been able to make its submission on time, and has requested a two-week extension. Naturally none of the other banks can break ranks, so that their individual submissions have been held up until the ABA reports.

The banks did get some defence from CSR, which said in its submission that it did not accept the popular idea of increasing competition through the establishment here of foreign bank branches. It said Australia needed "not more banks but better banking," pointing to the demand for better services in "wholesale banking." The local industry was trying to do something about this, CSR said, adding that "in any case, overseas banking has vast deserts of inefficiency and apathy: there is only an occasional oasis of high performance from which we may learn and profit."

# Southern Sun to make equity offer

By Jim Jones in Johannesburg

SOUTHERN SUN Holdings, South Africa's fastest growing hotel group is to offer the public a direct stake in its activities. Currently, Southern Sun, which is a 75.5 per cent-owned subsidiary of South African Breweries, has 50.9m shares in issue. An offer of 4.5m new shares is now being made to the public at a price of 150 cents based on a 7 per cent historic yield.

The R6.8m the issue is expected to raise will be applied to financing the hotel group's R28m casino and entertainment complex, Sun City, 120 kilometres west of Johannesburg in Bophuthatswana. With casino gambling prohibited in South Africa and the nearest casinos to the wealthy Johannesburg market being in Swaziland and Lesotho—both of which are farther away than Sun City—the complex is expected to attract away much of the others' income when it opens later this year. Location is doubly important with continuing restrictions on weekend petrol sales throughout South Africa. Next in line for development is a R18m five star hotel in Central Cape Town. This is being funded in part by a recent R9m debenture issue at 11 per cent.

Despite petrol restrictions, Southern Sun does not expect any slowing of recent growth rates. The group concentrates on the upper end of the tourist market and package deals which include special air and rail fares, and is thus relatively immune from drops in passing hotel trade.

Historically, the group has an annual 28 per cent compound growth record, with taxed earnings of R7.7m in the year to March 31, 1979.

JAPANESE NEWS

# Record profit for TDK

BY RICHARD C. HANSON IN TOKYO

TDK ELECTRONICS announced yesterday that its consolidated net income for the half-year ended May 31 reached a record Y6.95bn ($32.2m), up 19.7 per cent from a year ago, as magnetic recording tape and overseas sales rose sharply. Consolidated sales were up 16.7 per cent to Y69.14bn ($320m), also a half-year record. Per share earnings were Y138.50, against Y115.72.

Magnetic tape sales, including video cassettes, were up 25.4 per cent, accounting for 43.5 per cent of the total compared with 40.5 per cent. Ceramic capacitor sales rose 27.7 per cent; coil components and memory devices increased 16.6 per cent.

Sales of ferrite cores and magnets, TDK's traditional products, were up 2.2 per cent but slipped to a 27.9 per cent share from 31.9 per cent a year earlier.

Overseas sales—half magnetic tapes—rose strongly, by 46.7 per cent to Y22.13bn, or 32 per cent of the total compared with 25.5 per cent a year ago. About 30 per cent of the sales are in the U.S. and 25 per cent in Europe.

On a parent company only basis, net income rose 20.1 per cent to Y6.65bn, while sales gained 18.6 per cent to Y65.12bn.

The company has begun construction of a magnetic tape plant in Georgia, which is due to be completed in 1981, as its second U.S. plant.

In June, TDK listed its stock on the Paris exchange. It is already traded in Brussels and Amsterdam.

## KHI and IHI results vary

TWO OF Japan's largest shipbuilders and heavy machinery manufacturers have announced differing fortunes in their consolidated results for the year to March 31, writes our financial staff.

Kawasaki Heavy Industries (KHI) suffered a consolidated net loss of Y8.74bn ($40.61m) compared to a profit of Y10.07bn for 1977-78. Sales fell from Y625.56bn to Y576.21bn and the loss per share was Y6.87bn against a profit of Y7.91.

As reported in May parent company sales fell by 11.4 per cent to Y501.45bn, and the net loss was Y5.89bn compared with a profit of Y9.68bn.

Meanwhile Ishikawajima Harima Heavy Industries company (IHI) has reported consolidated net income of Y6.17bn for 1978-79 up from Y3.83bn for the previous year. Sales came to Y803.71bn ($3.73bn), against Y805.61bn, and earnings per share rose from Y3.03 to Y4.89. In May the parent company announced a drop in sales of 8.6 per cent to Y698.15bn and net profits down 65.8 per cent to Y1.95bn.

## Nisshin Steel increase

Nisshin Steel Company has announced that consolidated net profit for the year ended March 31 increased by 68.8 per cent to Y9.4bn ($43.7m) from Y5.57bn for the year earlier. Consolidated sales were up by 4.1 per cent to Y309.2bn from Y296.90bn, AP-DJ reports from Tokyo.

A Nisshin Steel official said the rise in net profit was mainly due to a sharp rise in net profit of the parent company. He also cited steady demand for steel products in the year as another major reason. The parent company registered a 55.8 per cent increase in net profit to Y8.77bn on sales of Y294bn.

# Rapid expansion of CD market

TOKYO—Japan's market for yen-based negotiable certificates of deposit has expanded rapidly since it started on May 16, with the outstanding balance having reached Y1,000bn (equivalent to some $4.7bn) by mid-July, according to banking sources.

Some Japanese city banks, the main issuers, are urging the Finance Ministry to increase issue quotas, set at an estimated total of Y446bn for the April-June quarter, with a 5 per cent quarterly increase until the end of fiscal 1979, next March.

The mid-July outstanding balance of CDs, interest rates on which are exempt from official controls on bank deposits, compared with Y4,050bn for Gen-saki trading, a relatively free bond market on a repurchase basis, and Y5,040bn on the bill-discounting market.

The balance included Y520bn issued by 13 City banks and Y100bn by foreign banks, the rest being issues by other Japanese banks and financial institutions.

Interest rates for yen CDs had risen to around 6.2 per cent, mid-way between the 6.875 per cent three-month bill-discounting rate and the 5.7 per cent three-month Gen-saki rate, from slightly above 5.0 per cent in mid-May, reflecting a general rise in Japanese interest rates.

The main investors in yen CDs had been leading manufacturers of vehicles, electric appliances and machinery, as well as trading houses.

Some central banks and monetary authorities in South East Asia and elsewhere had also invested in yen CDs for arbitrage purposes.

The investors had been attracted by the relatively higher CD interest rates compared with Gen-saki rates, while issuing banks had found CD rates lower than those at which they borrowed from the bill-discounting market.

Resales of yen CDs had so far been very small, but they would increase, as the three-month CDs issued in mid-May neared maturity next month. Reuter.

● The Japanese Finance Ministry is expected to issue Y200bn of three-year National bonds soon, by auction, probably early next week, securities sources said.

The Ministry would probably fix a coupon rate and then ask auction participants to bid at issue price, instead of letting them quote issue yields as in the past.

The ministry had decided on the issue apparently in view of a sharp recovery of the secondary market price of 6.1 per cent 10-year bonds to 89.01 per cent yesterday from a low of 85.32 per cent on June 29, it was said.

On May 28, the ministry offered to issue Y190bn of two-year bonds, but it had to cut the amount to Y80.50bn because of a poor response. Reuter.

# Higher earnings and dividend at AECI

BY OUR JOHANNESBURG CORRESPONDENT

AECI, the major South African chemicals and plastics concern, raised its pre-tax income by 25.6 per cent to R50.4m ($60.2m) in the six months to June 30, from R40.1m in the first half of 1978. Turnover increased 18.5 per cent to R394.3m ($471m), from R332.7m.

The results reflect a full period's contribution from the 60 per cent-owned Coalplex PVC chemicals complex and better overall performance at all other divisions. There has been some restraint in sales of agricultural chemicals and fertilisers following prolonged drought conditions in major farming areas. But Mr. Denys Marvin, the managing director, believes that sales of nitrogenous fertilisers should show good growth during the current six months.

Though AECI, is about to undertake heavy capital expenditure projects, the company is optimistic that shareholders will not suffer from dividend restraint.

This view is underlined for Johannesburg investors by the fact that the chemical company increased its interim dividend for the six months to June 30, 1979 to 12 cents, from 10 cents a year ago.

Coalplex, for the first time since coming on stream last year, operated with a positive cash flow. Mr. Marvin is confident that by the end of this year, after monthly depreciation of R1m, the project should be reporting pre-tax profits. Elsewhere, nylon production facilities continued their profit advance helped by protection of the local industry.

First-half earnings per share are reported at 20.1 cents, against 15.2 cents. Traditionally second-half earnings have been 50 per cent higher than first-half. While Mr. Marvin warns of the perils of ever-increasing oil-based feedstock prices, but believes the normal earnings pattern will be achieved.

Ahead of the results, the shares traded in Johannesburg at 435 cents.

# Metal Closures ahead

BY OUR JOHANNESBURG CORRESPONDENT

METAL CLOSURES SA, the 76.9 per cent owned South African subsidiary of Metal Closures of the UK, has reported a 46 per cent first half pre-tax income improvement to R1.26m ($1.5m) for the six months to June 30, 1979. This compares with R862,000 during the first six months of 1978 and R1.44m in last year's second half.

The company, which manufactures closures for the packaging industry and sells closure sealing equipment, says that the first half improvement was due both to better demand and improved productivity in all its operating divisions.

There is a warning that higher raw material costs for oil-based plastics and recent fuel price increases could adversely affect second half results. However, the company is highly liquid and, following the increase in the interim dividend from 7 cents to 10 cents paid from earnings per share of 28.5 cents against 20.1 cents, there are few fears that the final dividend will be less than last year's 19 cents paid from second half earnings 33.8 cents. This takes into account planned capital expenditure of R1.04m.

# Israeli bond tax urged

BY L. DANIEL IN TEL AVIV

A CALL UPON the Israeli Government to tax the inflationary gains on negotiable Government bonds was voiced here by Mr. Ephraim Reiner, a director of Bank Hapoalim, the country's second largest. The bonds and the interest thereon are linked to the cost-of-living index. As long as they are freely negotiable, they do not constitute real savings or investment, but represent ready cash. In fact, they should be counted as part of the means of payment, he added.

By selling these bonds to the public, the Government is not syphoning off purchasing power, but is starving the banks of capital to finance normal commerce and industry. The money gained by the Treasury by the sale of these bonds has to be recycled into the banking system. Due to the tight liquidity regulations, the banks have a permanent liquidity deficit which would have reached I£6.5bn (some $260m) if the Bank of Israel (the central bank) had not pumped back I£3bn into the system in the first half of this year. (Since infringement of the liquidity limit carries a fine of around 100 per cent, the banks would either be left without a profit or would have to raise interest rates even further—currently in effect, 58 per cent.

Yet, at the same time that central bank provided these I£3bn to the commercial banks, it absorbed only a net I£1bn from the public, Mr. Reiner said.

# More members of bid group revealed

By John Rogers in Sydney

MR. JOHN GANDEL, the Melbourne businessman, who successfully led this week's equity raid on Sydney-based retailer Waltons, yesterday gave further details of his group and their initiation. Mr. Gandel's other partners in the venture are Mr. Abraham Goldberg, Mr. Morris Joss and Mr. Besen.

Mr. Goldberg and Mr. Joss are well-known takeover specialists while Mr. Besen has concentrated on the ailing Australian textile industry in recent years and played a large part in the Tootal Group gaining control of Bradmill.







## FOOD PRICE MOVEMENTS

| | July 26 £ | Week ago £ | Month ago £ |
|---|---|---|---|
| **BACON** | | | |
| Danish A.1 per ton | 1,180 | 1,180 | 1,180 |
| British A.1 per ton | 1,140 | 1,120 | 1,120 |
| Ulster A.1 per ton¶ | 1,140 | 1,120 | 1,120 |
| **BUTTER** | | | |
| NZ per 10 kg | 13.20/13.37 | 12.12/11.97 | 14.22/14.37 |
| English per cwt† | 83.62/83.67 | 83.65/83.67 | 81.65 |
| Danish salted per cwt† | 89.71/89.86 | 87.10/89.72 | 85.10/87.70 |
| **CHEESE‡** | | | |
| NZ per tonne | — | — | — |
| English cheddar trad. per tonne | — | — | — |
| **EGGS*** | | | |
| Home produced: | | | |
| Size 4 | 3.05 | 2.90/3.20 | 3.10/3.30 |
| Size 2 | 3.30 | 3.60/3.80 | 3.60/3.60 |
| | July 26 p | Week ago p | Month ago p |
| **BEEF** | | | |
| Scottish killed sides ex-KKCF | 64.0/68.0 | 65.0/70.0 | 64.0/68.0 |
| Eire forequarters | 41.0/43.0 | 39.0/43.0 | 42.0/44.0 |
| **LAMB** | | | |
| English | 54.0/60.0 | 58.0/62.0 | 66.0/70.0 |
| NZ PLs/PMs | 49.0/50.0 | 49.0/51.0 | 50.5/51.5 |
| **PORK** | | | |
| All weights | 35.0/44.0 | 35.0/44.0 | 34.0/44.0 |
| **POULTRY** | | | |
| Oven-ready chickens | 41.0/44.0 | 41.5/44.0 | 41.0/44.0 |

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery July 28-August 4.

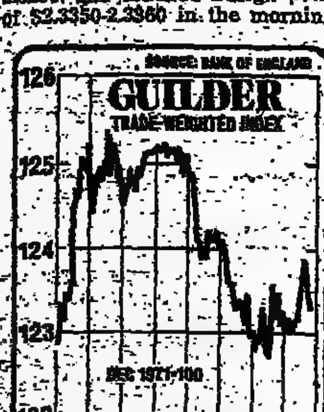
# CURRENCIES, MONEY and GOLD



## Pound advances

STERLING WAS very strong once again in terms of the dollar and other major currencies. Its trade-weighted index, as calculate by the Bank of England, rose to the highest level since August, 1975, at 74.0, compared with 73.6 previously, after standing at 73.9 at noon, and 73.8 in early trading.

The pound opened at $2.3280-2.3290, and touched a high point of $2.3350-2.3360 in the morning,




before easing to a low level of $2.3260-2.3270 once or twice during the day. Sterling closed at $2.3290-2.3300, a rise of 80 points on the day, and the best closing level since May, 1975.

The pound also gained ground against other currencies, closing at FFr 9.86 against the French franc, compared with FFr 9.8175 previously; DM 4.24 against the D-mark, compared with DM 4.2150; and SwFr 3.83 against the Swiss franc, compared with SwFr 3.81. Sterling also rose above the Y500 level against the Japanese yen, touching Y503, before closing at Y500.50, compared with Y499.50 on Wednesday.

Central banks, including the U.S. Federal Reserve, German Bundesbank, Swiss National Bank, and the Bank of England, continued to support the dollar.

The U.S. currency's trade-weighted index, on Bank of England figures, was unchanged at 83.9. In terms of D-mark, the dollar rose to DM 1.8190 from DM 1.8150, and to SwFr 1.6440 from SwFr 1.6400 against the Swiss franc. It was slightly weaker against the Japanese yen, easing to Y214.90 from Y215.10.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.8182 against the D-mark, compared with DM 1.8145 on Wednesday. There was no sign of any heavy intervention by the authorities before the fixing, with the U.S. currency rising steadily from DM 1.8080 in the morning. It was suggested that the foreign exchange market will be watching President Carter's performance in the next few months to see whether he intends to fight inflation seriously. If the Administration seems more interested in avoiding recession as the 1980 election approaches then the dollar may well come under further heavy pressure. The lack of any mention of a dollar support package by the President on Wednesday was countered by the nomination of Mr. Paul Volcker as chairman of the Federal Reserve Board, and the fall in Germany's trade surplus last month. By late afternoon the dollar had improved to DM 1.8215.

MILAN—Sterling rose to a record L1,901.20 against the lira at the fixing, while the dollar was firmed to L816.05 from L815.95 on Wednesday. Members of the European Monetary System lost ground against the Italian currency. The Bank of Italy sold $13.2m of the $20.8m traded officially.

TOKYO—The dollar eased to Y214.35 from Y214.75 in moderately active trading.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU July 26 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.4582 | 40.6415 | +3.00 | +1.29 | ±1.53 |
| Danish Krone | 7.08592 | 7.29492 | +2.95 | +1.24 | ±1.635 |
| German D-Mark | 2.51064 | 2.54255 | +1.27 | −0.43 | ±1.1325 |
| French Franc | 5.79831 | 5.91888 | +2.08 | +0.37 | ±1.35 |
| Dutch Guilder | 2.72077 | 2.79538 | +2.74 | +1.04 | ±1.5075 |
| Irish Punt | 0.662638 | 0.671254 | +1.31 | −0.40 | ±1.665 |
| Italian Lira | 1148.15 | 1140.77 | −0.64 | −0.64 | ±4.0725 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### THE POUND SPOT AND FORWARD

| July 26 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.3260-2.3360 | 2.3290-2.3300 | 0.70-0.60c pm | 3.35 | 1.73-1.63 pm | [illegible] |
| Canada | 2.7190-2.7290 | 2.7230-2.7240 | 0.75-0.65c pm | 3.08 | 1.85-1.55 pm | 2.35 |
| Nethlnd. | 4.62¼-4.66 | 4.65¼-4.66¼ | 2¼-1¼c pm | 5.15 | 5¾-4¾ pm | 4.40 |
| Belgium | 67.25-67.90 | 67.75-67.85 | 16-6c pm | 1.95 | 36-26 pm | 1.83 |
| Denmark | 12.07-12.21 | 12.18-12.20 | ¼ore pm-1¾ dis | −0.74 | 4-6 dis | −1.64 |
| Ireland | 1.1085-1.1245 | 1.1230-1.1240 | 26-35p dis | −3.20 | 70-80 dis | −2.67 |
| W. Ger. | 4.20½-4.26 | 4.23½-4.24½ | 3½-2½pf pm | 8.14 | 8¾-7¾ pm | 7.43 |
| Portugal | 112.40-113.20 | 112.85-113.15 | 40-100c dis | −7.43 | 120-320 dis | −6.02 |
| Spain | 153.90-154.35 | 154.15-154.35 | 240-290c dis | −20.62 | 620-720dis | −17.38 |
| Italy | 1,885-1,906 | 1,901½-1,902½ | 3¼-5¾ lire dis | −2.88 | 12½-14½ dis | −2.84 |
| Norway | 11.62-11.70 | 11.68-11.69 | 6¾-3¾ore pm | 4.88 | 14½-12½ pm | 4.62 |
| France | 9.81-9.89 | 9.85½-9.86½ | 2½-1¼c pm | 2.43 | 6-5 pm | 2.23 |
| Sweden | 9.71-9.78 | 9.75½-9.76½ | 1½ore pm-½ dis | 0.61 | 1½ pm-½ dis | 0.20 |
| Japan | 497-503 | 500-501 | 3.95-3.65y pm | 9.11 | 10.35-10.05pm | 8.15 |
| Austria | 30.95-31.20 | 31.13-31.18 | 22-12gro pm | 6.55 | 53-43 pm | 6.16 |
| Switz. | 3.80-3.84½ | 3.82½-3.83½ | 4½-3½c pm | 12.53 | 12½-11½ pm | 12.40 |

Belgian rate is for convertible francs. Financial franc 70.20-70.30c pm. Six-month forward dollar 2.80-2.70c pm; 12-month 4.30-4.20c pm.

### THE DOLLAR SPOT AND FORWARD

| July 26 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.3260-2.3360 | 2.3290-2.3300 | 0.70-0.60c pm | 3.35 | 1.73-1.63 pm | 2.88 |
| Ireland† | 2.0720-2.0870 | 2.0740-2.0770 | 1.30-1.00c pm | 6.65 | 3.25-2.95 pm | 5.97 |
| Canada† | 85.50-85.65 | 85.58-85.61 | 0.05-0.03c pm | 0.56 | 0.11-0.08 pm | 0.44 |
| Nethlnd. | 1.9940-1.9990 | 1.9950-1.9970 | 0.40-0.33c pm | 2.19 | 0.91-0.84 pm | 1.76 |
| Belgium | 29.03-29.13 | 29.08-29.10 | 1.5-3c dis | −0.93 | 4-7 dis | −0.76 |
| Denmark | 5.2070-5.2375 | 5.2345-5.2360 | 1.50-2ore dis | −4.01 | 5.25-5.75dis | −4.20 |
| W. Ger. | 1.8150-1.8225 | 1.8185-1.8195 | 0.79-0.69pf pm | 4.88 | 2.17-2.07 pm | 4.66 |
| Portugal | 48.35-48.65 | 48.53-48.63 | 35-45c dis | −9.88 | 90-130 dis | −9.06 |
| Spain | 66.10-66.45 | 66.25-66.35 | 135-155c dis | −26.24 | 205-335dis | −16.29 |
| Italy | 816.00-817.00 | 816.40-816.90 | 3.75-4.50 lire dis | −6.08 | 11.75-13 dis | −6.00 |
| Norway | 5.0050-5.0190 | 5.0150-5.0170 | 1.00-0.50ore pm | 1.79 | 2.75-2.25 pm | 1.99 |
| France | 4.2275-4.2430 | 4.2400-4.2420 | 0.30-0.40c dis | −0.99 | 1.30-1.50dis | −1.32 |
| Sweden | 4.1820-4.1920 | 4.1895-4.1905 | 0.70-0.90ore dis | −2.29 | 2.65-2.85dis | −2.62 |
| Japan | 214.50-215.50 | 214.80-215.00 | 1.15-1.00y pm | 6.00 | 3.00-2.85 pm | 5.44 |
| Austria | 13.327-13.386 | 13.356-13.371 | 4.70-4.20gro pm | 3.99 | 12.25-10.75pm | 3.44 |
| Switz. | 1.6400-1.6490 | 1.6455-1.6465 | 1.38-1.33c pm | 9.84 | 4.02-3.95 pm | 9.68 |

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### CURRENCY RATES

| July 26 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 14 | 0.565524 | 0.603672 |
| U.S. $ | 10 | 1.30964 | 1.39949 |
| Canadian $ | 11¼ | 1.52717 | 1.63065 |
| Austria Sch. | 3¾ | 17.4510 | 18.6412 |
| Belgian F | 9 | 37.9599 | 40.5538 |
| Danish K | 9 | 6.82519 | 7.29346 |
| D mark | 5 | 2.37534 | 2.53798 |
| Guilder | 6 | 2.61273 | 2.79017 |
| French Fr. | 9½ | 5.53847 | 5.91566 |
| Lira | 10½ | 1066.67 | 1141.64 |
| Yen | 5¼ | 280.918 | 300.541 |
| Nrwgn. K | 7 | 6.56457 | 7.01076 |
| Spanish Pes. | 8 | Unavail | 92.8883 |
| Swedish Kr. | 7 | 5.48857 | 5.86387 |
| Swiss Fr. | 1 | 2.14833 | 2.29517 |

### CURRENCY MOVEMENTS

| July 26 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 74.0 | −31.6 |
| U.S. dollar | 83.9 | −9.4 |
| Canadian dollar | 80.4 | −17.4 |
| Austrian schilling | 147.3 | +18.8 |
| Belgian franc | 114.3 | +13.4 |
| Danish kroner | 113.5 | +2.4 |
| Deutsche Mark | 151.6 | +42.1 |
| Swiss franc | 197.4 | +81.0 |
| Guilder | 123.3 | +17.9 |
| French franc | 98.9 | −7.4 |
| Lira | 56.2 | −48.9 |
| Yen | 132.5 | +51.1 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

### OTHER MARKETS

| July 26 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 5157-5177 | 1555-1565 | Austria | 30-31 |
| Australia Dollar | 2.0505-2.0545 | 0.8800-0.8820 | Belgium | 69.5-70.5 |
| Brazil Cruzeiro | 60.18-61.18 | 25.85-26.25 | Denmark | 12.00-12.15 |
| Finland Markka | 8.84-8.86 | 3.7940-3.8025 | France | 9.70-9.80 |
| Greek Drachma | 83.812-85.810 | 35.95-36.80 | Germany | 4.15-4.25 |
| Hong Kong Dollar | 12.06-12.08 | 5.1760-5.1845 | Italy | 1,850-1,900 |
| Iran Rial | 168.90-175.90 | 72½-75½ | Japan | 498-508 |
| Kuwait Dinar (KD) | 0.634-0.644 | 0.2742-0.2743 | Netherlands | 4.55-4.65 |
| Luxembourg Frs. | 67.75-67.85 | 29.09-29.11 | Norway | 11.55-11.70 |
| Malaysia Dollar | 4.98¼-4.99¼ | 2.1395-2.1440 | Portugal | 109-115 |
| New Zealand Dlr. | 2.2600-2.2650 | 0.9700-0.9725 | Spain | 150½-154½ |
| Saudi Arab. Riyal | 7.78-7.88 | 3.3615-3.3625 | Switzerland | 3.75-3.85 |
| Singapore Dollar | 4.98¼-4.99¼ | 2.1395-2.1440 | United States | 2.3150-2.3275 |
| Sth. African Rand | 1.9485-1.9585 | 0.8360-0.8405 | Yugoslavia | 44-47 |

Rate given for Argentina is free rate.

### EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.75-10.85 per cent; three months 10.80-10.90 per cent; six months 10.80-10.90 per cent; one year 10.50-10.60 per cent.

| July 26 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 14¼-14¾ | 10⅜-10⅞ | 9¼-10¼ | 8⅛-8⅜ | ⅛-⅝ | 5½-6¼ | 10-11 | 15½-17 | — | ¼-5⅛ |
| 7 days' notice | 14⅛-14¾ | 10¾-11 | 9½-10¼ | 8⅛-8⅜ | 1⅛-1⅝ | 5¾-6¼ | 10-11 | 17-20 | 10⅜-10⅝ | 3⅝-4⅛ |
| Month | 14-14⅜ | 11-11¼ | 11⅛-11⅜ | 8⅝-8⅞ | 1⅛-1¼ | 6⅛-6⅜ | 11⅞-12⅛ | 16½-17½ | 10⅞-11⅛ | 5-5½ |
| Three months | 13¾-14⅛ | 11⅛-11⅜ | 11⅛-11⅜ | 9¼-9½ | 1¼-1⅝ | 6⅜-6⅝ | 12¼-12½ | 16½-17½ | 11⅛-11⅜ | 5⅞-5⅞ |
| Six months | 13⅜-13¾ | 11⅛-11⅜ | 11⅛-11⅜ | 9⅛-9⅝ | 2⅛-2⅜ | 6⅞-7 | 12⅜-12⅝ | 15½-16¾ | 11⅛-11⅜ | 6⅛-6⅜ |
| One year | 12⅞-13 | 10⅝-10⅞ | 10⅝-11 | 9½-9¾ | 2⅛-2⅜ | 6⅞-7 | 12¼-12½ | 15-16 | 10¾-10⅞ | 6⅛-6⅜ |

Long-term Eurodollar: two years 10⅛-10⅜ per cent; three years 10⅛-10⅜ per cent; four years 10⅛-10⅜ per cent; five years 10-10¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

### EXCHANGE CROSS RATES

| July 26 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild'r | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.330 | 4.240 | 500.5 | 9.860 | 3.830 | 4.660 | 1902. | 2.724 | 67.80 |
| U.S. Dollar | 0.429 | 1. | 1.820 | 214.9 | 4.232 | 1.644 | 2.000 | 816.5 | 1.169 | 29.10 |
| Deutschemark | 0.236 | 0.549 | 1. | 118.0 | 2.325 | 0.903 | 1.099 | 448.6 | 0.642 | 15.99 |
| Japanese Yen 1,000 | 1.998 | 4.654 | 8.472 | 1000. | 19.70 | 7.652 | 9.311 | 3800. | 5.442 | 135.5 |
| French Franc 10 | 1.014 | 2.363 | 4.300 | 507.6 | 10. | 3.884 | 4.726 | 1929. | 2.763 | 68.76 |
| Swiss Franc | 0.261 | 0.608 | 1.107 | 130.7 | 2.574 | 1. | 1.217 | 496.6 | 0.711 | 17.70 |
| Dutch Guilder | 0.215 | 0.500 | 0.910 | 107.4 | 2.116 | 0.822 | 1. | 408.2 | 0.584 | 14.55 |
| Italian Lira 1,000 | 0.526 | 1.225 | 2.229 | 263.1 | 5.184 | 2.014 | 2.450 | 1000. | 1.432 | 35.65 |
| Canadian Dollar | 0.367 | 0.855 | 1.557 | 183.8 | 3.620 | 1.406 | 1.711 | 698.4 | 1. | 24.89 |
| Belgian Franc 100 | 1.475 | 3.436 | 6.254 | 738.2 | 14.54 | 5.649 | 6.873 | 2805. | 4.017 | 100. |

### INTERNATIONAL MONEY MARKET

## French call money 10%

French call money returned to double figures yesterday for the first time since March 1978. The rate was quoted at 10 per cent compared with 9¾ per cent on Wednesday as interest rates rose throughout. One-month money was firmer at 10¼-10½ per cent against 9¹⁵⁄₁₆-10¹⁄₁₆ per cent and three-month money rose to 10¼-10½ per cent from 10⅛-10⅜ per cent. The six-month rate was higher at 10⅝-10⅞ per cent from 10⅜-10⅝ per cent with 12-month money rising to 10⅞-10⅞ per cent from 10¹¹⁄₁₆-10¹³⁄₁₆ per cent.

Several major French banks including Societe Generale, Credit Lyonnais and Credit du Nord, announced increases in their prime rates to 9.75 per cent from 9.45 per cent previously. Base rates were last adjusted only two weeks ago. Later in the day the French authorities announced another rise in its Treasury bill discount rates by ⅛ per cent. One-month bills will now be discounted at 10¼ per cent, three-months at 10½ per cent and six-months at 10⅝ per cent. This brings the rise to ⅞ per cent in just two days.

FRANKFURT—Call money fell to 6.00-6.05 per cent from 6.10-6.15 per cent and one-month money was easier at 6.35-6.40 per cent against 6.40-6.50 per cent. The three-month rate was quoted at 6.90-6.95 per cent from 6.90-7.00 per cent while six and 12-month money remained at 7.25-7.35 per cent and 7.45-7.55 per cent respectively.

AMSTERDAM — Call money remained at 8⅝-8¾ per cent yesterday while one-month money eased slightly 8⅞-9 per cent from 9-9⅛ per cent. The three-month rate was quoted at 9⅛-9¼ per cent compared with 9⅛-9¼ per cent on Wednesday.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 11¾-12¼ per cent from 12-12¼ per cent for one-month and 12-12¼ per cent unchanged for three-month. Six- and 12-month deposits were also static at 11¾-11⅞ per cent and 10¾-10⅞ per cent respectively.

HONG KONG—Money market conditions in the morning were generally steady.

### GOLD

## Record level

Gold closed at a record level of $306-306½, a rise of $2½ on the day. It opened at $306¼-307¼, and was fixed at $307.00 in the morning, and $305.20 in the afternoon. The metal touched an all time high of $307¾-308 in active trading, but fell to a low point of $304¾-305¼ in the afternoon.

| | July 26 | July 24 |
|---|---|---|
| **Gold Bullion (fine ounce)** | | |
| Close | $305½-304¼ (£130.8-131.1) | $305½-306¼ (£131.4-131.7) |
| Opening | $304¼-305¼ (£131-131.5) | $306½-307¼ (£132.4-132.7) |
| Morning fixing | $303.00 (£130.970) | $306.50 (£132.198) |
| Afternoon fixing | $303.35 (£130.670) | $305.25 (£131.460) |
| **Gold Coins, domestically** | | |
| Krugerrand | $313¾-315¾ (£134½-135½) | $315¼-317¼ (£135½-136¼) |
| New Sovereigns | $79-81 (£34-35) | $79¼-81¼ (£34-35) |
| Old Sovereigns | $102¼-104¼ (£44-45) | $102½-104½ (£44-45) |
| **Gold Coins, internationally** | | |
| Krugerrand | $313¾-315¾ (£134½-135½) | $315¼-317¼ (£135½-136½) |
| New Sovereigns | $79-81 (£34-35) | $79¼-81¼ (£34-35) |
| Old Sovereigns | $102¼-104¼ (£44-45) | $102½-104½ (£44-45) |
| $20 Eagles | $422-427 | $425-430 |
| $10 Eagles | $238-243 | $241-246 |
| $5 Eagles | $178-183 | $181-186 |

In Paris the 12½ kilo gold bar was fixed at FFr 44,350 per kilo ($325.75 per ounce) in the afternoon, compared with FFr 44,450 ($326.93) in the morning and FFr 43,500 ($319.93) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,885 per kilo ($306.47 per ounce).

### UK MONEY MARKET

## Small assistance

*Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)*

Conditions were rather more relaxed in the London money market yesterday, and the authorities only gave a small amount of assistance. This comprised small purchases of Treasury bills, all direct from the discount houses and a small amount lent to two or three houses at MLR for repayment today. The market was helped by a small surplus of Government disbursements over revenue transfers to the Exchequer and a small decrease in the note circulation. Also banks brought forward balances some way above target.

On the other hand there was a small net take up of Treasury bills to finance as well as the repayment of Wednesday's moderate market advances. Discount houses were paying around 13¾ per cent for secured call loans at the start with closing balances taken down to 13 per cent.

In the interbank market overnight loans opened at 14¼-14½ per cent and eased to 13¾-14 per cent before falling away during the early afternoon to 13-13¼ per cent. However late demand pushed up the rate temporarily to 15 per cent although closing balances were taken more in the region of 13 per cent.

Rates in the table below are nominal in some cases.

### LONDON MONEY RATES

| July 26 1979 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 13-15 | — | — | — | 14⅛ | 13-14 | — | — | — |
| 2 days notice | — | — | 14⅛-14⅜ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 14⅛-14¼ | 14¼-14½ | — | 14⅝ | 14⅞ | 13¾-14 | — | — | — |
| One month | 14¼-14⅛ | 14⅛-14¼ | 14-14¼ | 14⅞-14½ | 14⅝ | 14⅛ | 12⅞ | 13¼ | 14⅛-14⅛ | 14⅝ |
| Two months | 14⅛-13⅞ | 14-14⅛ | — | 14½-14⅛ | 14½ | — | 13⅞ | 13⅞ | 13⅞-13⅞ | 14¼ |
| Three months | 14⅛-13⅞ | 14-14⅛ | 14-14½ | 14¼-14 | 14½ | 14⅝ | 13⅝ | 13⅞-13⅝ | 13⅞-13⅞ | 14⅛ |
| Six months | 13½-13⅞ | 13⅝-13½ | 13⅜-13½ | 12⅞-12⅝ | 13⅞ | — | — | — | 12¾ | 14⅛ |
| Nine months | 12⅞-12⅞ | 12¾-12⅞ | — | 13⅝-13 | 13½ | — | — | — | — | — |
| One year | 12⅝-12⅝ | 12⅞-12⅞ | 12⅝-12¾ | 12⅞-12½ | 13⅛ | — | — | — | — | — |
| Two years | — | — | 12¾-12⅞ | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 12⅝-12⅞ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞ per cent; four-month trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13⅞-13⅞ per cent; two-month 13⅞-13⅞ per cent; three-month 13¼-13 19-64ths per cent. Approximate rates for one-month bank bills 14-14⅛ per cent; two-month 13⅞ per cent; and three-month 13⅞-13⅞ per cent; one-month trade bills 14¼ per cent; two-month 14¼ per cent; and three-month 14 per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Deposit Rates for small sums at seven days notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3583 per cent.

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 11.5-11.75 |
| Fed Funds | 10.50 |
| Treasury Bills (13-week) | 9.19 |
| Treasury Bills (26-week) | 9.35 |

**GERMANY**

| | |
|---|---|
| Discount Rate | 5 |
| Overnight Rate | 6.025 |
| One month | 6.375 |
| Three months | 6.925 |
| Six months | 7.30 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight Rate | 10.0 |
| One month | 10.1875 |
| Three months | 10.3125 |
| Six months | 10.6875 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 5.25 |
| Call (Unconditional) | 6.1875 |
| Bills Discount (three-month) | 6.1825 |

## LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976
ANNE GOUGH & COMPANY LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA, on Tuesday the 7th day of August 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 20th day of July 1979.
By Order of the Board,
ANNE GOUGH, Director.

THE COMPANIES ACTS 1948 TO 1976
BUZZ DESIGN AGENCY LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA, on Thursday, the 2nd day of August 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 18th day of July 1979.
By Order of the Board,
N. PURCELL, Director.

IN THE MATTER OF PHOENIX ELECTRONICS (BRACKNELL) LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1948
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 24th day of August, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned JOHN FREDERICK POWELL, FCA, of Coopers and Lybrand, Abacus House, Gutter Lane, Cheapside, London, EC2V 8AH, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 24th day of July 1979.
JOHN F. POWELL, Liquidator.

IN THE MATTER OF PHOENIX ELECTRONICS (BRISTOL) LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1948
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 24th day of August, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned JOHN FREDERICK POWELL, FCA, of Coopers and Lybrand, Abacus House, Gutter Lane, Cheapside, London, EC2V 8AH, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 24th day of July 1979.
JOHN F. POWELL, Liquidator.

THE COMPANIES ACTS 1948 TO 1976
SCARLET BAND RECORDS LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA, on Friday, the 10th day of August 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 23rd day of July, 1979.
By Order of the Board,
MICHAEL J. COLLINS, Director.

IN THE MATTER OF SPENCO ELECTRONICS (PHOENIX) LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1948
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 24th day of August, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned JOHN FREDERICK POWELL, FCA, of Coopers and Lybrand, Abacus House, Gutter Lane, Cheapside, London, EC2V 8AH, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 24th day of July 1979.
JOHN F. POWELL, Liquidator.

No. 001889 of 1979
In the HIGH COURT OF JUSTICE Chancery Division Group "A" Mr. Registrar Hunt. In the Matter of THE TURNBULL SCOTT SHIPPING COMPANY LIMITED and in the Matter of The Companies Act 1948.
NOTICE IS HEREBY GIVEN that by an Order dated 13th July 1979 the Court has directed separate Meetings of the holders of (1) the Ordinary Shares and (2) the Non-Voting "A" Ordinary Shares respectively of the above-named Company (hereinafter called "the Company") to be convened for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the holders of its said Shares and that such Meetings will be held at Ironmongers' Hall, Barbican, London, E.C.2, on Wednesday the 15th day of August 1979 at the respective times below mentioned namely:
(1) The Meeting of holders of the Ordinary Shares at 12.15 o'clock in the afternoon (or so soon thereafter as the Annual General Meeting convened for the same place and date shall have concluded or been adjourned);
(2) The Meeting of holders of the Non-Voting "A" Ordinary Shares at 12.20 o'clock in the afternoon (or so soon thereafter as the preceding meeting shall have concluded or been adjourned);
at which place and respective times all the aforesaid Shareholders are requested to attend.
Any person entitled to attend the said Meetings can obtain copies of the said Scheme of Arrangement, Forms of Proxy and copies of the Statement required to be furnished pursuant to Section 207 of the above-mentioned Act at the registered office of the Company situate at Abbey House, Farnborough Road, Farnborough, Hampshire and at the office of the undermentioned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday or Sunday) prior to the day appointed for the said Meetings.
The said Shareholders may vote in person at such of the said Meetings as they are entitled to attend or they may appoint another person whether a Member of the Company or not as their proxy to attend and vote in their stead.
It is requested that forms appointing proxies be lodged at the Registered Office of the Company, Abbey House, Farnborough Road, Farnborough, Hampshire not less than 48 hours before the time appointed for the said Meetings but if forms are not so lodged they may be handed to the Chairman at the Meeting at which they are to be used. In the case of Joint Holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.
By the said Order the Court has appointed Mr. M. T. Turnbull or failing him Mr. R. M. G. Turnbull or failing him Mr. S. M. Turnbull to act as Chairman of each of the said Meetings and has directed the Chairman to report the results thereof to the Court.
The said Scheme of Arrangement will be subject to the subsequent approval of the Court.
Dated this 19th day of July, 1979.
TRAVERS SMITH, BRAITHWAITE & CO.,
6 Snow Hill,
London, EC1A 2AL.
Solicitors for the above-named Company.

## COMPANY NOTICES

**VOTING NOTICE**
to the holders
EUROPEAN DEPOSITARY RECEIPTS FOR COMMON STOCK OF
**TRIO KENWOOD CORPORATION**
(Formerly Trio Electronics Inc.)
DESIGNATED COUPON No. 37
(Action required on or prior to 6th August, 1979)

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of May 1st, 1970, among Trio Kenwood Corporation (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that the Custodian under such Deposit Agreement has received notice of a general meeting of stockholders of the Company to be held in Tokyo, Japan on 10th August, 1979.

The following, taken from the notice of the general meeting to be given by the Company, are the matters to be voted on at such meeting:
(1) Approval of balance sheet as of 20th May, 1979. Statement of income business report and the proposed appropriations of retained earnings for its 49th fiscal period (from 21st November, 1978 to 20th May, 1979).
(2) Election of 14 directors.
(3) Election of one auditor.
(4) Amendment to the amount of the Directors and Auditors reward.

Such notice and the report or reports to be delivered in connection therewith, together with English translations of both, will when received be available for inspection at the office of the Depositary in London and the office of any of the following Sub-Depositaries:
SUB-DEPOSITARIES
Chemical Bank of Frankfurt/Main, Germany.
Banque Internationale a Luxembourg, S.A. Luxembourg 8, Luxembourg.
Pierson, Heldring & Pierson, Amsterdam, The Netherlands

Voting rights under such Deposit Agreement may be exercised through the Depositary by holders of Coupon No. 37 by completion of the form of the proxy instructions for the matters to be voted on. Such form of proxy instruction is available at the office of the Depositary in London or any Sub-Depositary listed above and provides also for instruction to the Depositary to give a discretionary proxy to a person designated by the Company.

The Depositary will endeavour to vote the Common Stock represented by a Receipt as instructed in such form of proxy instruction, properly completed and accompanied by Coupon No. 37 detached from such Receipt, is received by the Depositary or any such Sub-Depositary on or prior to 6th August, 1979.

In the absence of instructions by holders of Coupon No. 37 the Depositary may, in its discretion, give a discretionary proxy to a person designated by the Company, but no representation is made that it will do so. The Depositary is not permitted by such Deposit Agreement to give a discretionary proxy in the absence of instructions from coupon holders with respect to any proposition, (1) As to which the Depositary has knowledge of any substantial contest as to the action to be taken at the meeting, or (2) for the purpose of authorising a merger, consolidation or any other matter which may affect substantially the rights or privileges of Common Stock or other securities on deposit with the Custodian under such Deposit Agreement.
Dated: 27th July, 1979.

CHEMICAL BANK, as Depositary
180, Strand,
London WC2R 1ET,
England.

20th May, 1979, has been established as the record date for the determination of the Stockholders of the Company entitled to notice of and to vote at such meeting. All Receipts issued in respect of Common Stock not entitled to be voted at such meeting will be without Coupon No. 37 attached.

**LJUBLJANSKA BANKA**
$U.S.30,000,000.- FLOATING RATE NOTES DUE 1985

For the six months, July 20, 1979 to January 21, 1980, the notes will carry an interest rate of 11⅝% per annum.
The interest due January 21, 1980, against coupon no. 2 will be $U.S.61.35 and has been computed on the actual number of days elapsed (186) divided by 360.
The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Av. E. Reuter,
LUXEMBOURG.

**NOTICE OF PURCHASE**
U.S.$50,000,000 8¼% Capital Notes 1982
Barclays Bank International Limited.
NOTICE IS HEREBY GIVEN to holders of Notes of the above issue that U.S.$590,000 nominal was purchased during the period ending 30th June 1979. U.S.$250,000 in respect of the purchase fund for the year ended 30th June, 1978, and U.S.$340,000 in respect of the purchase fund for the year ended 30th June, 1979.
BARCLAYS BANK INTERNATIONAL LIMITED
LONDON.
26th July, 1979

**THE BANK OF YOKOHAMA, LTD., LONDON**
NEGOTIABLE FLOATING RATE U.S. DOLLAR CERTIFICATES OF DEPOSIT MATURING ON 28th JULY, 1980
In accordance with the provisions of the Certificates of Deposit, notice is hereby given that for the six-month interest period from 26th July, 1979, to 28th January, 1980, the Certificates will carry an interest rate of 11¹¹⁄₁₆% per annum.
Agent Bank
CITIBANK, N.A.,
London.

**THE SOUTH AFRICAN LAND & EXPLORATION COMPANY LIMITED**
(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
PAYMENT OF COUPON NO. 78

With reference to the notice of declaration of dividend released on 18th July 1979, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 20 cents per share was declared in South African currency. South African non-resident shareholders' tax at 3 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 17 cents per share. The dividend on bearer shares will be paid on or after 7th September, 1979 against surrender of coupon No. 78 as under:—

(a) At the offices of the following continental paying agents
Credit du Nord
6 & 8 Boulevard Haussmann, Paris 9e
Banque Bruxelles Lambert, 2 Rue De La Regence, 1000 Brussels

In respect of coupons lodged at the office of the continental paying agent the dividend payment will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the continental paying agent. Instructions regarding disposal of the proceeds of the payment so made must be given to such authorised dealer by the continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in United Kingdom currency either:

(i) in respect of coupons lodged prior to 24th August, 1979, at the United Kingdom currency equivalent of the rand currency value of their dividend on 28th August, 1979 or:

(ii) in respect of coupons lodged during the period 24th August, 1979 to 29th August 1979 both days inclusive at the United Kingdom currency equivalent of the rand currency value of their dividend on 3rd September, 1979 or:

(iii) in respect of coupons lodged on or after 30th August, 1979 at the prevailing rate of exchange on the day the proceeds are remitted through an authorised dealer in exchange in Johannesburg to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from payments in United Kingdom currency in respect of coupons deposited at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue declarations. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 14 cents per share arrived at as under:—

| | South African Currency Per Share cents |
|---|---|
| Amount of dividend declared | 20.00 |
| Less: South African non-resident Shareholders' tax at 15% | 3.00 |
| | 17.00 |
| Less: U.K. Income tax at 15% on the gross amount of the dividend of 20 cents | 3.00 |
| | 14.00 |

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
G. A. Wilkinson

London Office:
40 Holborn Viaduct,
EC1P 1AJ
26th July, 1979

NOTE:
The Company has been requested by the Commissioners of Inland Revenue to state:
Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30%, represents an allowance of credit at the rate of 15%.

## ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. Exhibition of OLD MASTER PAINTINGS. Until 27 July. Mon.-Fri. 9.30-5.30, Thurs. until 7.

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. PERSIAN MINIATURES. An Exhibition of seventeen pages from the Houghton Shahnameh. Until 24 August. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BROWSE & DARBY LTD., 19, Cork St., W.1. KEITH GRANT—RECENT PAINTINGS. "A WINTER JOURNEY."

FIELDBOURNE GALLERIES, 63, Queens Grove, N.W.8. 586 3600. RODNEY BURN, R.A. Eightieth Birthday Exhibition. Lr. GALLERY. Contemporary Artists of the English School.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. SUMMER EXHIBITION and WORKS UNDER £500.

FIVE REMAIN, signed, limited edition prints of "LAST DAY," by Lucy Ivatt, from twelve, countersigned by locomotive crew shown on painting, which portrays 45156 at Hellifield South Junction on 4 August, 1968, the last fully operational day of steam on B.R. £45.00 each, framed, delivered. Steamviews of Southport, 60, Cleveleys Road, Southport, PR9 9SR. Phone (0704) 214131.

GALERIE GEORGE, 96-98, George Street, W.1. 01-935 3322. Fine 19th and 20th Century British & European oil paintings, watercolours and graphics at keen trade prices. £100-£2,000. Mon.-Fri. 10-6.

HAMILTONS, 13, Carlos Place, Nr. Grosvenor Square, W.1. 499 9493-4. ONE HUNDRED BRAZILIAN PRIMITIVE AND NATIVE PAINTINGS. Sculptures by BELLA KARAWARWA PRADO. Sponsored by the Brazilian Embassy. 5 July-31 July.

LEFEVRE GALLERY, CONTEMPORARY PAINTINGS. Weekdays 10-5. At 30, Bruton Street, London, W.1. 01-493 1572.

## EXHIBITIONS

FIRST BRIGHTON ANTIQUES FAIR. 24th-29th July (including Sunday). Corn Exchange. Details ring Brighton 695316.

THE WORSHIPFUL COMPANY OF GOLDSMITHS announce "LOOT 79"—everything for sale up to £100 and a new section "Superloot" £300- and over. Exhibition open 10.15-5.00, Mon.-Sat. 9th-28th July, 1979. Goldsmith's Hall, Foster Lane, E.C.2. Tube St. Paul's. Admission free.

## TRAVEL

GENEVA, Basle, Zurich and Berne. Widest range of cheap flights from 4 UK airports. Brochure CPT Ltd., 01-351 2191. Telex 919078. ATOL 369B.

## CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Suppers from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Show at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

# Wall St. turns modestly easier in early trade

**INVESTMENT DOLLAR PREMIUM**
**\$2.60 to £1—21% (20%)**
**Effective \$2.3295 8¼% (7½%)**

WITH ENTHUSIASM dampened by renewed concern about the dollar, interest rates and inflation, Wall Street failed to maintain Wednesday's advance on the Volcker appointment as

**Closing prices and market reports were not available for this edition.**

new Fed chairman, turning modestly easier yesterday morning in another active trade.

The Dow Jones Industrial Average, after the previous day's gain of 10 points, reacted 2.05 to 837.46 at 1 pm. The NYSE All Common Index shed 10 cents to \$58.52, while declines held a narrow lead over rising issues. Trading volume came to 22.43m shares, compared with 23.93m recorded at 1 pm on Wednesday.

Analysts said that while Wall Street is still pleased with the selection of Paul A Volcker as the new head of the Federal Reserve Board, investors are expecting further increases in interest rates and continued pressure on the dollar.

Inflation news continued bleak. The Labor Department said consumer prices rose by one per cent in June, continuing the double digit annual pace of recent months.

Under the circumstances, analysts added, there was little incentive to be an aggressive buyer of stocks.

Individual isues continued to respond to favourable corporate news. **Genuine Parts** put on ⅝ to \$22⅞ in active trading on improved second-quarter net earnings.

**General Motors**, which reported higher second-quarter profits on Wednesday, yesterday said it would extend model change-over shutdowns at a few more plants to balance inventories. GM eased ⅛ to \$57⅛.

**Sun** climbed ⅞ to \$56⅞ on higher June-quarter results, but **Johnson and Johnson** lost ⅞ to \$72⅛ despite an improvement in second-quarter profits.

**Hewlett-Packard** announced price cuts on some of its large computers and shed ⅛ to \$93⅛. **IBM** lost ⅛ to \$68⅞ and **Burroughs** also ⅛ to \$66⅞.

THE AMERICAN SE Market Value Index, in contrast to the NYSE, was 0.70 firmer at 197.61 at 1 pm after volume of 2.25m shares (3.09m).

Some energy shares were strong. **Dome Petroleum** rose 1⅞ to \$40⅞, **Damson Oil** 1¼ to \$11⅞ and **Mitchell Energy** 1⅛ to \$32⅞, but **Dynalectron** lost ⅞ to \$11.

**Resorts International "A"** topped the Amex actives list but lost ⅞ to \$39⅞ before trading was halted because of an order imbalance. It reported sharply higher June-quarter net earnings and announced plans to offer \$60m of debt and Warrants to buy its "A" shares.

**Standard-Coosa-Thatcher** fell 2½ to \$23⅞ on sharply lower second-quarter results.

## Canada

Stocks retained a firming tendency in moderate early dealings yesterday, with the Toronto Composite Index adding 4.0 at 1,560.8 at noon.

The Oils and Gas sector remained buoyant, moving ahead 31.2 more to 2,704.5 on index. In Montreal, Banks improved 0.92 to 321.20 but Papers retreated 1.24 to 174.06.

Among Oils, **Gulf Canada** rose 1½ to C\$56½, **Mountain States** C\$1 to C\$15½ and **Numac Oil** ½ to C\$37⅛.

**Northern Telecom** advanced 1⅞ to C\$44⅞ and **Placer Development** ½ to C\$29⅞, both reflecting higher earnings.

## Tokyo

Recent buying interest diminished yesterday, and with profit-taking occurring, particularly in recently favoured Light Electricals and some other Blue Chips, stock prices presented a mixed appearance at the close.

The Nikkei-Dow Jones Average, up 70 points over the past two days, eased a modest 6.37 to 6,243.94. Business was fairly thin, volume amounting to 210m shares against Wednesday's 270m.

Among Light Electricals, **Sony** receded Y40 to Y1,930, while **Matsushita Electric** lost Y10 to Y635 and **Nippon Victor** Y30 to Y1,000.

**Toyota** provided a bright spot in Motors at Y870, up Y10, on late "cheap" buying, but **Nissan Motors** reacted Y7 to Y633.

Trading Houses and Oils eased afresh in the absence of fresh factors, but Pharmaceuticals, after a lower opening, recovered towards the close on revived buying by Investment Trusts. Foods, Textiles, and small-sized Steels closed generally higher.

**House Food** gained Y10 at Y849 and **Takeda Chemical** Y13 at Y448.

## Germany

Helped by a revival of recent foreign buying interest, shares were inclined to show some improvement in moderate activity. The Commerzbank index recouped 3.3 at 748.3.

Engineerings mainly continued their uptrend, with **KHD** adding DM 4.50, **MAN** DM 5.50 and **GHH** DM 2.50.

Stores reversed their recent downward trend, with **Horten** and **Neckermann** recovering DM 3.50 apiece.

**Deutsche Bank** advanced DM 2.50, while elsewhere, **Varta** put on DM 1.50 and **Schering** DM 2.00.

On the Domestic Bond market, brisk demand from German and foreign investors, especially Japanese, sent quotes up to 75 pfennigs higher, enabling the Bundesbank to sell a nominal DM 72.6m of paper after DM 63.8m sales on Wednesday.

Mark Foreign Loans were well maintained.

## Paris

Share prices were selectively higher in fairly active trading despite some unfavourable elements, such as rises in bank basic lending rates to 9.75 per cent from 9.45 and the Call Money rate to 10 per cent from 9⅞.

On the favourable side, operators reported the overnight rise in New York following the appointment of Paul Volcker as Federal chairman, and the slower growth in the French consumer price index for June to a 0.8 per cent increase from 1.1 per cent in May.

Bright spots, with increases of between three to seven per cent, included **Simnor, Saupiquet, Pompey, Matra, Radiotechnique, Usinor, Auxiliaire Entreprise, Screg, Hachette, Presse-Cite, BHV, BCT, Paris-France, Marine-Wendel, Skis Rossignol** and **Esso**.

Chemicals, however, were marked down, notably **Merrieux, Belon** and **Nobel-Bozel**, following a Government announcement to reduce profit margins of pharmacists as part of a package to cover the growing deficit of France's social security system.

## Hong Kong

Strong buying in the afternoon session after early profit-taking left shares mainly higher on the day and the Hang Seng index up 5.41 more at a new 1979 peak of 600.21.

**Hong Kong Land** added 30 cents at HK\$9 on continued speculation that another large local property or trading concern is interested in buying into the company. *Cheung Kong*, however, shed 10 cents to HK\$13.30 ahead of results, due next week.

Elsewhere, **Hong Kong Bank** gained 10 cents to HK\$13.50, **Hong Kong Wharf** 25 cents to HK\$35.00, **Hutchison Whampoa** 10 cents to HK\$5.30 and **Swire Pacific "A"** 25 cents to HK\$8.70 but **Jardine Matheson** were unchanged at HK\$12.30 and **Wheelock Marden** eased 2.5 cents to HK\$3.725.

## Australia

Stocks were firmer for choice, although market leader **BHP**, after the previous day's advance of 18 cents, reacted 10 cents to A\$9.12.

Remaining in the limelight were **Waltons**, which followed Wednesday's 10 cents setback on forecasting a large second-half trading loss with a recovery yesterday of 6 cents to 72 cents. It was learned late on Wednesday that the party involved in taking a stake in the company includes Mr. J. A. Gandell, head of the Sussan fashion chain, who apparently wishes to take an active part in management of the ailing concern. This pleased traders, and Waltons rallied in brisk trading.

Transports were in good shape, first on some recent sharp rises in rail transport charges and second on the prospect of a nationwide rail strike in a day or two. Selected Property Developers improved, but Home Builders met some light selling.

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. \$ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. % *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Trade. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

† Bid. ‡ Asked. § Traded. ‖ New stock.

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 14 % | ■ Hambros Bank | 14 % |
| Allied Irish Banks Ltd. | 14 % | ■ Hill Samuel | §14 % |
| Amro Bank | 14 % | C. Hoare & Co. | †14 % |
| American Express Bk. | 14 % | Julian S. Hodge | 15 % |
| A P Bank Ltd. | 14 % | Hongkong & Shanghai | 14 % |
| Henry Ansbacher | 14 % | Industrial Bk. of Scot. | 14½ % |
| Associates Cap. Corp. | 14 % | Keyser Ullmann | 14 % |
| Banco de Bilbao | 14 % | Knowsley & Co. Ltd. | 15½ % |
| Bank of Credit & Cmce. | 14 % | Lloyds Bank | 14 % |
| Bank of Cyprus | 14 % | London Mercantile | 14 % |
| Bank of N.S.W. | 14 % | Edward Manson & Co. | 15 % |
| Banque Belge Ltd. | 14 % | Midland Bank | 14 % |
| Banque du Rhone et de la Tamise S.A. | 14½ % | ■ Samuel Montagu | 14 % |
| Barclays Bank | 14 % | ■ Morgan Grenfell | 14 % |
| Bremar Holdings Ltd. | 15 % | National Westminster | 14 % |
| Brit. Bank of Mid. East | 14 % | Norwich General Trust | 14 % |
| ■ Brown Shipley | 14 % | P. S. Refson & Co. | 14 % |
| Canada Perm't Trust | 14 % | Rossminster | 14 % |
| Cayzer Ltd. | 14 % | Ryl. Bk. Canada (Ldn.) | 14 % |
| Cedar Holdings | 14 % | Schlesinger Limited | 14 % |
| ■ Charterhouse Japhet | 14 % | E. S. Schwab | 15 % |
| Choulartons | 14 % | Security Trust Co. Ltd. | 15 % |
| C. E. Coates | 14 % | Shenley Trust | 16 % |
| Consolidated Credits | 14 % | Standard Chartered | 14 % |
| Co-operative Bank | *14 % | Trade Dev. Bank | 14 % |
| Corinthian Secs. | 14 % | Trustee Savings Bank | 14 % |
| Credit Lyonnais | 14 % | Twentieth Century Bk. | 15 % |
| The Cyprus Popular Bk. | 14 % | United Bank of Kuwait | 14 % |
| Duncan Lawrie | 14 % | Whiteaway Laidlaw | 14½ % |
| Eagil Trust | 14 % | Williams & Glyn's | 14 % |
| English Transcont. | 14 % | Yorkshire Bank | 14 % |
| First Nat. Fin. Corp. | 15½ % | | |
| First Nat. Secs. Ltd. | 15½ % | | |
| ■ Antony Gibbs | 14 % | | |
| Greyhound Guaranty | 14 % | | |
| Grindlays Bank | ‡14 % | | |
| ■ Guinness Mahon | 14 % | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11½%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12½%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

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# Price fall resumed in coffee

By Our Commodities Staff

COFFEE PRICES resumed their downward trend on the London futures market yesterday with the September position ending the day £41 down at £1,728 a tonne.

On Wednesday the price had bounced up £76.5 following a £179 fall on Monday and Tuesday.

Wednesday's rally had been encouraged by reports of support buying by the Bogota Group of Latin American coffee producers. But no buying from this source was evident yesterday. The decline was also encouraged by forecasts of rising temperatures in Brazilian growing areas and the continued strength of sterling.

In Bogota meanwhile, trade sources confirmed that the Colombian Coffee Growers' Federation had reduced its resale price to private exporters by 2 cents a pound. The price is now $2.06 a pound against $2.08 previously.

On the London cocoa terminal market, futures prices fell again to establish new three-year lows. Prices rose slightly early in the day reflecting an overnight rise in New York. But trade selling, encouraged by the rise in the value of the pound, pushed the September cocoa price £7 lower to £1,330.5 a tonne by the end of the day.

# Strikes spread in Guyana

GEORGETOWN — Workers in Guyana's sugar industry joined in a one-day strike on Wednesday as bauxite workers stayed off the job for a third consecutive day.

The Caribbean News Agency, said a spokesman for the Guyana General and Agricultural Workers' Union, said about 15,000, or 75 per cent of its members were on strike in the second recent stoppage in the sugar industry.

Four unions have threatened to back bauxite miners in their strike which entered its third day on Wednesday and opposition political groups might lead demonstrations and strikes to force the Government to resign, following two weeks of bombings and street violence.

Reuter

# UK ban on sale of small apples

BY CHRISTOPHER PARKES

THE GOVERNMENT has banned the sale of small apples on the UK market during the critical opening weeks of the new season. As a result, a pound of apples bought during the period will probably yield only about four fruits. A pound of the barred sizes—popular with families with children—would provide six or so.

The aim of the ban is to avoid the disasters of last year when a flood of under-sized fruit led to a price collapse. It has been imposed under flexible EEC regulations which allow size limits to be varied to maintain market stability.

The move follows closely the formation of a market monitoring group under the banner of the Apple and Pear Development Council with the co-operation of farmers, retailers and wholesalers.

This group will keep a running check on quality, size, presentation and packaging of fruit delivered to 10 key wholesale markets, and advise growers and other suppliers on what sells best.

Under the new rules, Cox Orange Pippins of less than 65mm diameter will be barred from markets until September 16. The ban also applies to Worcester Pearmains under 60mm until September 2, James Grieve under 70mm until August 26, James Grieve under 65mm from August 27 to September 29, and on Golden Delicious of less than 65mm until September 9.

Meanwhile, in Geneva, Chile has asked the Council of permanent representatives at the General Agreement on Tariffs and Trade to investigate the European Community's restrictions on imports of apples imposed last April.

Chile, a traditional supplier of apples to the British market and Community countries during summer months when northern hemisphere fruit is out of season, was asked to "voluntarily" reduce its exports to the UK because of European over-production.

The object was to enable EEC suppliers to sell all their stocks from store without too much competition from fresher fruit from the southern hemisphere.

New Zealand and Argentina, which were also subjected to these "voluntary" limits, were reported to have supported Chile's request.

EEC representatives in GATT asked for time to consider the Chilean request for a probe. The GATT council, agreeing in principle to an investigation, asked the two sides to continue discussions and try to settle the dispute between themselves.

# Quota cut threat to NZ butter

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC Commission will recommend to members that New Zealand should have continued access to EEC markets for its butter after present arrangements expire in 1980.

But, according to a report approved at the Commissioners' weekly meeting yesterday, the New Zealanders will be expected to accept an erosion of their current position.

The report, which appears to have had a stormy passage through several levels of the Commission, does not specify how big the cuts in the New Zealand butter quota might be.

However, in a crucial passage, it says: "Consideration should now be given to future import arrangements for New Zealand butter on a more lasting basis.

"In the light of the effort the Commission considers the Community's own producers need to make in order to restore a better balance in the Community market for milk products, it is essential there should be some element of quantitative reduction and degressivity upon the establishment of a longer-term arrangement for access of New Zealand butter to the EEC market."

This year, the New Zealand butter quota stands at 120,000 tonnes but, partly because of high import levies, it is unlikely to be filled. For next year, the quota falls to 115,000 tonnes.

# Meat import subsidies shrink

By Richard Mooney

COMMON MARKET subsidies on UK meat imports from other EEC countries have almost disappeared thanks to the continuing strength of sterling.

The UK Meat and Livestock Commission said yesterday that monetary compensatory amounts (MCAs) paid on imports of bacon will fall to £13.76 a tonne next week from £28.39 this week. And MCAs on fresh or chilled beef carcases will fall from 4.56p a kilo to 2.21p.

MCAs are designed to compensate for variations in the relative values of EEC currencies so that food traders can compete on equal terms throughout the Community.

In February MCAs on bacon imported into Britain stood at more than £200 a tonne, but since then two devaluations of the green pound — the artificial exchange rate at which EEC common farm prices are translated into sterling—have reduced this figure considerably.

This process has been continued by the rise in the value of sterling on the international exchanges which has further narrowed the gap between the green pound and the real pound.

The Danish first-hand bacon price will remain at £1,180 a tonne next week, the UK Provision Exchange reported yesterday. But British and Ulster bacon prices have been raised by £20 to £1,140 a tonne.

# Sharp drop in zinc market

By Our Commodities Staff

BIG PRICE reductions by leading European producers Penarroya and Hanover-Preussag sent zinc values sharply downwards on the London Metal Exchange yesterday.

Cash metal close dat £295.75 a tonne, down £18 on the day, and at its lowest since April, 1978. Three months zinc fell £16 to close at £307.25.

Yesterday Preussag cut its price from $845 to $780 a tonne. The last change was made on May 18 when the company raised its rate from $800. Frankfurt traders said the reductions had been forced by weak demand.

UK FARMLAND

# Price spiral levels off

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. MICHAEL COLSTON (Letters, July 17) questions my comment, on the Northfield Report, that farming is prosperous. His argument was that no farm buyer paying the current rate of £2,000 an acre, financing it with money borrowed from AMC at 13.5 per cent, an annual charge of £270 an acre, can posibly be called prosperous.

Of course, he is absolutely right. But the number of farmers in this position is minimal to the point of non-existence. The bulk of the industry is occupying land carrying a much lower annual charge, and farmers are unlikely to give themselves nightmares by valuing their land upwards every time the market makes another surge, so making their earnings on capital turn into loss.

This may be an unrealistic attitude as compared with industry for instance, but then no other industry to my knowledge has a major asset — in this case land — which has appreciated 20-fold from £100 to £2,000 an acre over the past 20 years. The reasons for this rise have had little to do with farming economics, but are more on a par with buying gold or diamonds as a hedge against inflation.

That many farmers have helped to fuel the land price boom is the best argument that I can adduce for the present prosperity of farming. A prosperity in fact that was supported by Lord Northfield himself, speaking no doubt with the authority of the mixed bag of distinguished agriculturalists which made up his committee.

The signs now are that the inflation of land values has at present reached a plateau, and that the price of farms sold is actually showing a very modest decline. Estate agents maintain that this is only a temporary phase due to uncertainty about Northfield, high interest rates and other temporary factors. The amount of money still awaiting investment in land, they claim, is very high.

The symptoms of a market change are becoming evident. There are more farms on the market, according to the advertising in the farming Press, and more of these appear to me to be offered by private treaty or sealed tender than by auction. No auctioneer likes risking the failure of a public auction. There also appears to be a realisation that even full EEC farm prices, which are now on the horizon, will do little to make sense of land costs when bought at present levels.

For instance, at current average yields even French prices would realise a cereal gross return in the range of £180 to £240 per acre. The direct costs of growing an acre of wheat for instance must now be well over £100 an acre probably reaching £150 including overheads and interest of farming capital. This does not leave much margin to pay a reasonable return on an investment in land alone of £1,500 upwards an acre.

This is underlined in the report of the Kleinwort Benson Farmland Trust. While commenting that the Trust's value had appreciated by 42 per cent since it was launched in September 1976, the Trust's farming operations had shown a net loss of about £15 an acre after paying rent and interest of £77 per acre. Trust managers foresee continuing difficulties for the farming company unless prices improve materially.

Mr. Anthony Rosen, managing director of Fountain Farming, one of the largest farming company's in Britain, mostly on rented land, is bitterly disappointed with milk prices. He has not yet decided to sell the company's 5,000 cows but has stopped all dairy improvements.

He has been objecting to the level of rents being fixed by arbitrators and based on amounts tendered by farmers anxious to take over farms. These are often no more than key money, financed by averaging with other land at lower historic cost.

The chairman of the Pension Fund Property Unit Trust, Mr. Cecil Baker, has reported that while the capital value of the Trust's agricultural investment had approximately doubled its book cost, the agricultural property had earned no more than 2.8 per cent compared with office property at 6.1 per cent or shops 4.9 per cent.

From this it is obvious that the major attraction of investment in land must have been the prospective capital gain.

This gain must have been largely fuelled by the pressure of those anxious to share in it. The present dullness in the land market has been caused by a realisation that the gains, which might have been foreseen when land was bought at £300 or so an acre, are not nearly so evident at present prices.

It is also being realised that continuing rental growth is far from being certain. Rents have doubled over the last five years to about £20 an acre. But this covers all farms, the rents of better than average land at about £30 an acre would not seem to show such a margin for increase in the next five years in view of static farm prices.

It is quite possible that, in the absence of income growth, the institutional and even private owners of farm land might like to cash in on their profits by selling. After all, a capital profit is no good, unless it is eventually realised either by extra income or sale and if the income is restricted, there is no alternative to selling.

# World wheat crop estimate raised

BY OUR COMMODITIES STAFF

THE INTERNATIONAL Wheat Council now estimates the 1979 world wheat harvest at 410m to 415m tons, about 5m tons more than in its previous estimate published on July 2. But the crop is still expected to be 6 to 7 per cent below last year's record of 442.2m tons.

In its latest market report, published yesterday, the IWC noted that the U.S. Department of Agriculture had raised its estimate of U.S. wheat production by 4m tons to 57.2m. A crop of this size would be second only to the record 58.3m tons harvested in 1976.

Yield prospects also continued to improve in the EEC where the crop is now forecast at 43 to 44m tons, compared with 47.5m last year.

But in the USSR and Eastern Europe the IWC said crop prospects remained rather poor. Winter wheat yields are sharply lower in the USSR, where the crop total is put at 90-95m tons against a record 120.8m last year.

The IWC said the Indian harvest was officially estimated at 34.7m tons, compared with 31.3m in 1978, while recent reports indicated bigger crops in a number of Chinese provinces. The Chinese crop is now expected to exceed last year's 44m tons.

But in Canada, because of late sowings, 1979 crop prospects are still uncertain.

...David Satter writes from Moscow: The Soviet Government newspaper, Izvestia, said that the Soviet grain harvest is now well under way and as of July 23, grain had been harvested from an area of 20.5m hectares, 15 per cent of the total area planted.

The newspaper said 87 per cent of the harvested grain, the bulk of which is winter wheat, had been threshed.

U.S. agricultural experts said the harvest is proceeding slightly ahead of last year's pace but attributed this to the rapid maturation of the winter wheat crop because of a lack of water in May and June.

They said European Russia experienced its driest late spring in the last five years and major grain growing areas such as the North Caucasus, Krasnodar, Rostov and the Southern and Eastern Ukraine had hardly any moisture at all.

The lack of moisture may lead to a reduction in winter wheat yields in European Russia by as much as 20 per cent, they said. This would follow an above average winter kill this year caused by the severe weather.

The prospect of a major reduction in the winter wheat harvest is a major factor in the pessimistic U.S. Department of Agriculture forecast of a Soviet Grain harvest of only 185m tonnes.

The grain harvest target for 1979 is 226.8m tonnes and last year, the grain harvest reached an all time high of 237m tonnes.

# BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Marginally easier on the London Metal Exchange. Forward metal fell back to £820 in the morning, reflecting the sharp declines in lead and zinc. In the early afternoon the price steadied and in the second ring moved ahead sharply following a sudden strong rise on Comex on rumours of a possible new flare-up on the China-Vietnam border which pushed the price here up to £835. However, profit-taking soon pared this to around £825 prior to a close on the late kerb of £828.5. Turnover, 16,075 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £805, 5.5, three months £823, 22, 21, 22, 23, 24, 24.5, 25, 24.5. Kerb: Wirebars, three months £824. Afternoon: Wirebars, three months £820.5, 21, 22, 21, 20.5, 21. Cathodes, cash £780. Kerb: Wirebars, three months £822, 25, 27, 28, 31, 30, 29, 27, 29, 28, 27, 26, 27, 28.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 805-.5 | +2 | 800.5-1.5 | -5.25 |
| 3 months | 824-5.5 | +2.5 | 820.5-1 | -2.75 |
| Settlem't | 805.5 | +2 | — | ...... |
| Cathodes | | | | |
| Cash | 784-5 | +5 | 780-.1 | -2.75 |
| 3 months | 807-8 | +5 | 803.5 | -1.5 |
| Settlem't | 785 | +3 | — | ...... |
| U.S. Smt. | — | ...... | *84-87 | ...... |

TIN—Easier in fairly active trading as stop-loss selling depressed forward metal from £6,500 on the early pre-market to the day's low of £6,370. However, this trend was reversed in the afternoon as covering against recent U.S. physical demand saw the price recover to close the late kerb at £6,470. Turnover 1,170 tonnes.

Morning: Standard, cash £6,360, three months £6,420, 30, 40, 35, 30, 20. Kerb: Standard, three months £6,390, 70, 80, 90, 6,400. Afternoon: Standard, three months £6,390, 6,400, 6,410, 6,420, 30, 40. Kerb: Standard, three months £6,400, 4,580, 70.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 6355-65 | -90 | 6540-60 | -45 |
| 3 months | 6420-30 | -127 | 6440-55 | -66 |
| Settlem't | 6365 | -90 | — | ...... |
| Standard | | | | |
| Cash | 6355-65 | -90 | 6540-60 | -45 |
| 3 months | 6410-5 | -110 | 6430-40 | -56 |
| Settlem't | 6365 | -90 | — | ...... |
| Straits E. | $1920 | -5 | — | ...... |
| New York | — | ...... | — | ...... |

LEAD—Felt sharply following short-covering and the lack of any fresh buying interest. After initially moving up to £533 on the early pre-market forward metal quickly dropped to £513 by the morning rings before steadying to £520 on the kerb. In the afternoon renewed selling pressure pushed the price down to £514.5 before a recovery by copper following reports of a build-up of troops on the China-Vietnam border saw a similar rally in lead which touched £519 prior to closing the late kerb at £517.5. Turnover 7,425 tonnes.

Morning: Cash £532, 30, late Oct. £519, three months £519, 18, 17, 16, 17, 16, 18, 16, 18, 18.5, 19, 20. Kerb: Three months £518. Afternoon: Three months £514, 15, 14, 12, 13, 14. Kerb: Three months £518, 17, 16, 17.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 532-4 | -16.7 | 525-7 | -17.5 |
| 3 months | 519-20 | -10 | 514-5 | -10 |
| S'ment | 534 | -18 | ...... | ...... |
| U.S. Spot | — | ...... | *58-62 | ...... |

ZINC—Lower following producer price cuts by Penarroya and Preussag which prompted light selling down to the £302 level. However, short-covering saw the price edge up to around £307.5 on the late kerb. Turnover 4,075 tonnes.

Morning: Three months £305, 6, 7, 8, 8.5, 7, 7.5, 8. Kerb: Three months £308. Afternoon: Three months £305, 7, 6, 5, 5.5, 6, 7. Kerb: Three months £307.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 295-.5 | -18 | 295-5.5 | -18 |
| 3 months | 307.5-8 | -16 | 307-.5 | -16 |
| S'ment | 296 | -18 | ...... | ...... |
| Prim w'st | — | ...... | *39.5 | ...... |

ALUMINIUM—Quietly easier with forward metal falling from £668 on the pre-market to close the late kerb at £661 with the backwardation narrowing to around £5. Turnover 3,425 tonnes.

Morning: Cash £668, 67.5, three months £664, 63, 61, 63. Kerb: Three months £660. Afternoon: Cash £665, 63, 63.5, three months £660, 58, 60, 61, 60. Kerb: Three months £661, 60.

| Alumin'm | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 667-.5 | -8.25 | 663.5-4.5 | -9.25 |
| 3 months | 662-.5 | -4.25 | 659-60 | -7.25 |

NICKEL—Moved narrowly in dull and routine trading with forward metal finally quoted at £2,550 on the late kerb. Turnover 150 tonnes.

Morning: Three months £2,540, 50. Afternoon: Three months £2,540, 50.

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 2490-510 | -25 | 2502-10 | -9 |
| 3 months | 2550-70 | -25 | 2550-60 | -25 |

*Cents per pound. ‡ $M per picul. † On previous unofficial close.



## BOND DRAWING

CIMENTS LAFARGE 1965/1980 6% U.S.$10,000,000.-

On July 13, 1979, Bonds for an amount of U.S.$1,026,000.- have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed Coupon No. 15 attached on and after September 15, 1979.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the ranges beginning for: Bonds of nominal U.S.$1,000.- at 828 up to 3842 incl. and at 3990 up to 6666 incl. Bonds of nominal U.S.$250.- at 12213 up to 14026 incl.

Amount called for redemption: U.S.$1,082,000.-
Amount purchased in the market: U.S.$26,000.-
Amount unamortized: U.S.$1,126,000.-

Outstanding Drawn Bonds: Bonds of U.S.$1,000.- 23; 307 and 308; 320; 375 to 377 incl.; 401; 613; 698; 783; 4392 and 4393; 4552 to 4554 incl.; 4571 to 4580 incl.; 4641; 4661; 4800; 4832; 4897 to 2905 incl.; 4916; 4927; 4946; 5001 to 5020 incl.; 5967 and 5968; 7208 to 7216 incl.; 7249; 7254 to 7266 incl.; 7353 to 7355 incl.; 7362; 7368.

Bonds of U.S.$250.- 9512; 7532; 7904 to 7912 incl.; 7956 and 7957; 8194; 8198 to 8201 incl.; 8711 to 8714 incl.; 8719 and 8720; 8735 and 8734; 8785 to 8784 incl.; 9044 to 9047 incl.; 9279; 9990 and 9991; 10634 to 10653 incl.; 11282 and 11283.

THE TRUSTEE KREDIETBANK S.A. Luxembourgeoise.

Luxembourg, July 27, 1979.

## PUBLIC NOTICES

IN THE RESTRICTIVE PRACTICES COURT (In England and Wales)

IN THE MATTER OF THE RESTRICTIVE TRADE PRACTICES ACT 1976

AND IN THE MATTER OF AN AGREEMENT BETWEEN MEMBERS OF THE STOCK EXCHANGE

NOTICE IS HEREBY GIVEN pursuant to Rule 5(2)(c) of the Restrictive Practices Court Rules 1976 that on the 9th day of February, 1979, there was issued out of the Restrictive Practices Court (in England and Wales) by the Director General of Fair Trading pursuant to Section 1(3) of the Restrictive Trade Practices Act 1976, a Notice of Reference referring the abovementioned Agreement being No. 5,393 in the Register of Agreements maintained under Section 1(2) of the said Act.

AND NOTICE is hereby further given that pursuant to Rule 5(1) of the said Rules the said Director General has nominated the STOCK EXCHANGE, LONDON EC2N 1HP, as Representative Respondent to represent (for the purpose of all proceedings in the above matters) all parties to the said Agreement on and after the 22nd March, 1976.

The STOCK EXCHANGE if it objects to being made Representative Respondent or any party to the said Agreement who objects to being represented by the said STOCK EXCHANGE may, pursuant to Rule 5 of the said Rules, apply by notice in writing within twenty-eight days of the publication of this Notice to the Restrictive Practices Court, Royal Courts of Justice, Strand, London WC2, for an order revoking or modifying the nomination and for such other directions as may be specified in any such application.

TREASURY SOLICITOR

Solicitor for the Director General of Fair Trading of/and whose address for service is:—

Matthew Parker Street
London SW1H 9NN.

BERKSHIRE COUNTY COUNCIL BILLS

£10m due 25th October 1979. Issued 26th July 1979. Average £96.66. £92m applications. £16m outstanding.

EASTBOURNE BOROUGH COUNCIL

£575,000 Bills placed 25th July due 24th October 1979 at 13½%. No other Bills outstanding.

## SILVER

Silver was fixed 2.6p an ounce higher for spot delivery in the London bullion market yesterday at 407.2p. U.S. cent equivalents of the fixing levels were: Spot 948.5c, up 12.0c; three-month 969.6c, up 12.5c; six-month 989.6c, up 10.0c; and 12-month 1024.50, up 8.10c. The metal opened at 408-409p (951-953c) and closed at 406½-407½p (948-950c).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. close | + or — |
|---|---|---|---|---|
| Spot | 407.2p | +2.6 | 405.15p | +0.55 |
| 3 months | 418.8p | +2.45 | 417.35p | +1.05 |
| 6 months | 429.3p | +1.55 | — | ...... |
| 12 months | 447.3p | +0.55 | — | ...... |

LME—Turnover 102 (same) lots of 10,000 ozs. Morning: Three months 419.5, 19.2, 19.3, 18.5, 18.6. Kerb: Untraded. Afternoon: Three months 416, 16.8, 17.5, 17.1, 17.3, 17.4, 17.5. Kerb: Three months 318, 19.3, 19, 18.5, 18.3.

## COCOA

Cocoa futures eased further to new contracts lows in thin conditions before light short coverings steadied values at the close of the day, reported Gill and Duffus.

| COCOA | Yesterd'y's Close | + or — | Business Done |
|---|---|---|---|
| July | 1290-1305 | -15.0 | 1299-90 |
| Sept | 1330-1331 | -7.0 | 1347-16 |
| Dec | 1396-1397 | -12.5 | 1413-1392 |
| March | 1442-1445 | -10.5 | 1466-30 |
| May | 1470-1474 | -10.0 | 1475-58 |
| July | 1490-1508 | -14.5 | 1495-90 |
| Sep | 1515-1530 | -19.5 | — |

Sales: 2,182 (5,258).

International Cocoa Organization (U.S. cents per pound): Daily price for July 26: 15-day average 147.48 (148.34); 22-day average 150.88 (151.36).

## COFFEE

| COFFEE | Yesterdays Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| July | 1692.94 | -48.0 | 1740-1680 |
| September | 1725.30 | -41.0 | 1778-1727 |
| November | 1745.50 | -54.5 | 1798-1745 |
| January | 1745.46 | -58.5 | 1805-1745 |
| March | 1702.10 | -58.0 | 1770-1702 |
| May | 1687.95 | -51.5 | 1755-1688 |
| July | 1662-750 | -51.5 | — |

Sales: 6,144 (8,228).

ICS indicator prices for July 25 (U.S. cents per pound): Other Mild Arabicas 201.67 (200.0); Robustas ICA 1976 188.5 (183.5); ICA 1968 188.75 (183.75); Colombian Mild Arabicas 208.0 (209.5); Unwashed Arabicas 203.0 (same); Comp. daily ICA 1968 196.88 (197.17).

## GRAINS

The market opened 10 higher but found further speculative buying on growing concern over the condition of our crops and values closed from between 25-45 higher with short covering in the spot option particularly noted. Throughout the day, there was still steady hedge selling but large scale commercial buying in deferred barley options closed the market steady, reported Acli.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterd'ys close | + or — | Yesterdys close | + or — |
| Sept. | 92.30 | +0.45 | 88.00 | +0.45 |
| Nov. | 96.35 | +0.35 | 92.05 | +0.25 |
| Jan. | 100.55 | +0.40 | 96.20 | +0.30 |
| Mar. | 103.95 | +0.40 | 99.70 | +0.35 |
| May | 107.35 | +0.35 | 102.90 | +0.25 |

Business done—Wheat: Sept. 92.30-92.10, Nov. 96.45-96.25, Jan. 100.70-100.25, March 104.10-103.85, May 107.35-107.25. Sales, 111. Barley: Sept. 88.10-87.80, Nov. 92.20-92.00, Jan. 96.35-96.20, March 99.85-99.45, May 102.95-102.90. Sales, 276.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, July, Aug. and Sept. unquoted, Oct. 95.45, Nov. 95.85, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Aug. 94.90, transhipment East Coast. EEC unquoted. Maize: U.S./French July 105.50, Aug. 108.00, transhipment East Coast. S. African White unquoted. S. African Yellow Aug. 82.00 nom. Barley: English Feed fob Aug. 89.50, South Coast, Sept. unquoted, Oct.-Dec. 94.00, East Coast, Jan.-March 100.10, East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

HGCA—Location ex-farm spot prices. Feed wheat: Hampshire and W. Sussex 83.50, N. Lincolnshire 92.00.

The UK Monetary Coefficient for July 30 and 31 is expected to decrease to 1.127. On August 1 it will decrease to 1.016.

## RUBBER

The London physical market opened slightly easier. Little physical interest throughout the day, closing slightly steadier. Lewis and Peat reported a Malaysian godown price of 291 (same) cents a kilo (buyer, September).

| No. 1 R.S.S. | Yesterd'ys Close | Previous Close | Business Done |
|---|---|---|---|
| Aug. | 58.55-59.70 | 57.30-57.75 | 58.60-58.30 |
| Sept. | 59.80-60.80 | 58.15-58.25 | — |
| Oct-Dec | 60.90-61.90 | 60.20-60.50 | 61.60-60.50 |
| Jan-Mar | 63.90-65.95 | 63.05-63.10 | 64.90-62.80 |
| Apr-Jne | 66.15-66.20 | 65.55-65.60 | 66.25-65.40 |
| Jly-Sept | 68.50-68.55 | 67.90-68.00 | 68.65-66.20 |
| Oct-Dec | 70.80-70.90 | 70.25-70.40 | 70.85-70.50 |
| Jan-Mar | 73.15-73.30 | 72.55-72.70 | — |
| Apr-Jne | 75.50-75.75 | 74.90-75.00 | 75.50-75.10 |

Sales: 398 (468) at 15 tonnes and 43 at 5 tonnes.

Physical closing prices (buyer) were: Spot 57.0p (56.50p); Sept. 62.75p (62.25p); Oct. 63.0p (62.50p).

## SUGAR

LONDON [illegible] raw sugar): £92.50 [illegible] for July-Sept. [illegible] daily price [illegible]

Opened [illegible] 100 points below first traded levels, reported C. Czarnikow.

| Sugar Pref. Comm. Con. | Yester-day's Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Aug. | 95.00-95.25 | 97.65-97.75 | 97.75-95.00 |
| Oct. | 99.50-99.60 | 100.85-101.5 | 101.00-99.40 |
| Dec. | 104.45-04.56 | 105.25-105.5 | 105.75-104.5 |
| March | 111.55-11.70 | 112.25-112.5 | 112.75-11.50 |
| May | 114.88-14.85 | 115.25-115.5 | 115.25-115.0 |
| Aug. | 119.00-19.50 | 120.15-120.2 | 119.50 |
| Oct. | 123.00-23.50 | 124.00-124.2 | 124.00-23.65 |

Sales: 1,837 (2,994) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £161.50 (£161.0) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 25: Daily price 8.15 (8.17); 15-day average 8.59 (8.61).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Sept. 96.25, 96.50, 96.50-95.50, 54; Nov. 101.00, 102.00, 100.50, 5; Feb. 110.00, 110.50, 110.00-108.00, 82; April 114.00, 115.50, nil, nil; July 118.50, 120.00, nil, nil; Sept. 122.50, 125.00, nil, nil; Nov. 126.00, 130.00, nil, nil. Sales: 141.

## SOYABEAN MEAL

The London market opened £1 lower on stronger Sterling. The market was dull and featureless throughout the session until buying interest on last call kept prices steady, reported T. G. Roddicks.

| | Yest'rd'y Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| August | 107.00-11.0 | +1.0 | 109.00 |
| October | 114.70-15.0 | -0.45 | 115.10-14.70 |
| December | 117.00-17.2 | -0.70 | 117.50-16.50 |
| February | 119.50-19.7 | -0.55 | 119.50-19.50 |
| April | 120.50-23.0 | -1.5 | — |
| June | 121.50-27.0 | -1.0 | — |
| August | 124.00-26.0 | -2.00 | — |

Sales: 97 (131).

## WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron contract: Oct. 405.5, 406.0, 405.0-404.5, 20; Dec. 413.5, 414.0, 414.0-412.0, 38; March 420.0, 421.0, 420.0-418.0, 53; May 421.5, 422.0, 421.5-419.0, 41; July 423.0, 424.0, 423.0-421.8, 26; Oct. 426.5, 427.0, 427.0-426.0, 14; Dec. 427.0, 429.0, nil, nil. Sales 192.

LONDON — Close (in order buyer, seller only). July 218.0, 28.0; Oct. 218.0, 33.0; Dec. 218.0, 38.0; March/May/July/Oct./Dec. 228.0, 38.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, only). July 180.0, 77.0; Oct. 181.0, 83.0; Dec. 181.0, 83.0; March 180.0, 89.0; May/July/Oct./Dec. 180.0, 91.0; Sales 0.

HIDES — Manchester: Weaker, few hides sold. Ox 31-35.5 kilos, 92.0p a kilo withdrawn (92.1p a kilo); 26-30.5 kilos, 97.0p (95.6p); 22-25.5 kilos, 99.0p a kilo withdrawn (100.0p). Cows 102.5p a kilo withdrawn (101.5p).

## COTTON

LIVERPOOL—Spot and shipment sales amounted to 89 tonnes, bringing the total for the week so far to 258 tonnes. Slack turnover again persisted without much sign of increasing demand from users. Operations were confined to minor weights in Latin American and African descriptions.

GRIMSBY FISH—Supply fair. Demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.50, codlings £3.00-£4.40; large haddock £4.80, medium £3.80-£4.80, small £1.86-£3.00, medium plaice £5.70-£6.60, best small £4.20-£5.20; skinned dogfish (medium) £5.80; lemon soles (medium) £6.00; rockfish £3.00; saithe £2.20-£3.10.

## MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on July 26. GB cattle 80.90p per kg. l.w. (−1.62); UK sheep 144.4p per kg. est.d.c.w. (+2.3); GB pigs 60.7p per kg. l.w. (+0.3). England and Wales: Cattle numbers down 3.1 per cent, average price 80.16p (−1.21); Sheep numbers down 0.7 per cent, average price 144.3p (+2.3); Pig numbers down 7.5 per cent, average price 60.7p (+0.3). Scotland: Cattle numbers up 1.4 per cent, average price 83.01p (−2.94).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 64.0 to 68.0; Eire [illegible] 41.0 to 43.0. Lamb: English small 56.0 to 62.0, medium 54.0 to 60.0, heavy 54.0 to 57.0. Imported frozen: NZ PL 49.0 to 50.0, PM 49.0 to 49.5. Pork: English, under 100 lb 35.0 to 44.0, 100-120 lb 35.0 to 43.0, 120-160 lb 35.0 to 41.0.

COVENT GARDEN—Prices in sterling per packet except where otherwise stated: Imported produce: Oranges—S. African: Navels 4.80-6.30; Brazilian: 4.00-4.40; Californian: 6.50-6.80. Lemons—Jaffa: Trays 40/60 2.50-2.80; Italian: 100/120's 5.50-5.60; Spanis: Trays 30/40/45 2.10-2.60. Grapefruits—Jaffa: Summer crop 4.50; S. African: 27/72 3.70-5.70; Jamaican: 27/56's 4.20-6.00. Apples—S. African: Granny Smith 5.50-6.50, Starking 4.50; Yorks 5.00-6.00, Golden Delicious 5.50-6.00; New Zealand: Red Dougherty 6.80-7.00, Grany Smith 7.00-7.40, Sturmers 5.40-5.50; Tasmanian: Sturmer Pippins 4.50-5.00, Crofton 5.50-6.50, Starking 5.20-6.20, Granny Smith 5.00-5.20; Victorian: Granny Smith 6.60, Democrats 6.00; W. Australian: Granny Smith 6.00; Italian: Rome Beauty 0.09, Democrats, per pound 0.09. Pears—Victorian: Winter Nelis 4.00-4.50; Spanish: Limoneras 0.15-0.18; French: Guyots 28 lb 2.80-3.00; Italian: Guyots 0.15-0.19. Plums—Spanish: Santa Rosa 2.00-3.20; Burbanks 1.80-2.20; Italian: Burbanks 0.20-0.25, Goccia d'oro 0.16. Greengages—French: 20 lb 2.50. Grapes—Cypriot: Cardinal, per pound 0.20-0.25, Sultana 0.18-0.20, Rosaki 0.40, Thompson 0.35, Alphonse 0.35. Peaches—Italian: 1½ trays C's 2.20-2.30, B's 2.40-2.50, A's 2.70-2.80. Nectarines—Italian: O/A's 5.00-6.00. Apricots—Hungarian: 3.00. Bananas—Jamaican: Per 28 lb 4.40. Avocados—S. African: 3.50-4.00. Melons—Spanish: yellow honeydew 10 kilos 5/14's 2.20-3.00. Water-melons—Spanish/Greek: Per box 1.80-2.50. Onions—Spanish: 4.50-5.40; Maltese: 4.50-4.80. Tomatoes—Jersey: Per tray 1.80-2.00; Dutch: 2.20; Guernsey: 2.20-2.40. Cabbages—Dutch: White, net 6.00. Potatoes—Cypriot 3.60; Jersey: Per pound 0.[illegible]. Capsicums—Dutch: 2.40; Italian: 2.[illegible] per pound.

English produce: Potatoes—New crop per bag 2.10-2.30. Lettuces—Per 12 round 1.30-1.40, Cos 1.30-1.40, Webb's 1.30-1.40. Mushrooms—Per pound 0.60-0.70. Apples—Per pound Bramley 0.05-0.09, Grenadiers 0.05. Rhubarb—Per pound outdoor 0.04. Tomatoes—Per 14 lb 1.80-2.00. Cucumbers—Trays 8/18's 1.00-1.20, prepack 1.00-1.80. Cauliflowers—12's Lincoln 2.20-2.80. Celery—Boxes 12/30's 2.00-2.40 [illegible] berries—Per ½ lb 0.15-0.25. Gooseberries—Per pound 0.20, Levellers 0.25. Cherries—Per pound 0.40-0.45. Peas—Per pound 0.07-0.08. Broad beans—Per pound 0.06. Onions—Per bag 4.50-5.00. Carrots—Per bunch 0.08, per bag 1.60-2.20. Beetroots—Per bag 2.00. Marrows—Per 18's 2.00-2.20. Capsicums—Per pound 0.20. Swedes/Turnips—Per 25/28 lb 2.00. Raspberries—Per ½ lb 0.12-0.15. Black/Red currants—Per ½ lb 0.20-0.30.

## PRICE CHANGES

In tonnes unless otherwise stated

| | July 26 1979 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £701/60 | ...... | £710/60 |
| Free Mkt (cs) | $1520/40 | ...... | $1,550/60 |
| Copper | | | |
| Cash w'bar | £801.0 | -5.25 | £888 |
| 3 mth | £820.75 | -2.75 | £899.25 |
| Cash Cathode | £780.5 | -2.25 | £852.5 |
| 3 mth | £804 | -1.5 | £875.0 |
| Gold troy oz. | $306.375 | +2.5 | $281.875 |
| Lead cash | £526 | -17.5 | £605.0 |
| 3 mth | £514.5 | -10 | £573.5 |
| Nickel | £3225.4 | ...... | £3,225.4 |
| Freemkt(cif)(lb) | $255/275c | ...... | 250/75c |
| Platin'm tr'y oz. | £155.5 | ...... | £165 |
| Free mkt | £174.6 | -1.45 | £198.4 |
| Quicksil'ver | $275/295 | -10 | $290/310 |
| Silver troy oz | 407.20p | +2.6 | 400.0p |
| 3 months | 418.80p | +2.45 | 412.5p |
| Tin cash | £6,350 | -45 | £7,957.5 |
| 3 mths | £6,365 | -90 | £7,140 |
| Tungsten | $143.12 | ...... | $141.51 |
| Wolfrm 22.04 cif | $134/140 | ...... | $146/51 |
| Zinc cash | £295.75 | -17.25 | £344.5 |
| 3 months | £307.25 | -16 | £365.25 |
| Producers | $845 | ...... | $845 |
| **Oils** | | | |
| Coconut (Phil.) | $1,0905x | -50 | $1,160 |
| Groundnut | ‡ | ...... | ‡ |
| Linseed Crude | £395 | ...... | £400 |
| Palm Malayan | $665x | -15 | $700p |
| **Seeds** | | | |
| Copra Phillip. | $730w | -5 | ‡ |
| Soyabean (U.S.) | $326y | -4.5 | $330.45 |
| **Grains** | | | |
| Barley Futures | £92.05 | +0.25 | £92.55 |
| Maize | | | |
| French No 3 Am | £105.5 | ...... | £109.5 |
| Wheat | | | |
| No. 1 Red Spg. | £95.45 | +0.35 | ‡ |
| No2HardWint. | £94.9p | -0.35 | ‡ |
| Eng. Milling † | ‡ | ...... | ‡ |
| **Other commodities** | | | |
| Cocoa ship't | £1,425.5 | -17.0 | £1,725 |
| Future Sept. | £1,330.5 | -7.0 | £1,517 |
| CoffeeF't'rSep | £1,728 | -51 | £2,064.5 |
| Cotton A'Index | 77.35c | +0.10 | 77.40c |
| Rubber kilo | 57.0p | -0.50 | 88.60p |
| Sugar (Raw) | £92.5 | ...... | £101.0 |
| Woolt'ps 64s kl | 262p | -4 | 273p |

* Nominal. † New crop. ‡ Unquoted in tonnes, unless otherwise stated. p August. s Aug.-Sept. t Sept. w Sept.-Oct. x Oct. y Nov. z Indicator. § Buyer.

# AMERICAN MARKETS

NEW YORK, July 26.

THE RALLY in the precious metals materialised following news of China massing troops on the Borders with Vietnam. The copper market also responded to the political news with Commission House buying offsetting any trade selling. The livestock complex was battered into limit or near-limit declines by a lack of retailer demand. The grain and soyabean markets were mixed, with best gains in wheat in response to rumours of the grain trimmers' strike. Cotton had a strong close on weather reports indicating flooding in the Missipi Delta. Sugar declined slighsly on lack of news. Cocoa recovered its early losses and closed moderatey lower. Coffee was sharply lower on speculative selling, Heinold reported.

§Silver—July 953.0 (944.0), Aug. 953.0 (944.0), Sept. 962.5, Dec. 984.7, Jan. 991.2, March 1004.5, May 1017.8, July 1031.1, Sept. 1044.4, Dec. 1063.6, Jan. 1070.2, March 1083.5, May 1096.8. Handy and Harman bullion spot 947.0 (936.40).

Copper—July 86.50 (84.10), Aug. 86.60 (84.20), Sept. 86.20, Dec. 86.75, Jan. 86.80, March 87.25, May 87.40, July 87.55, Sept. 87.70, Dec. 87.85, Jan. 87.85, March 87.85, May 87.85.

*Gold—July 305.40 (304.60), Aug. 305.60 (304.90), Sept. 308.50, Oct. 311.40, Dec. 317.20, Feb. 322.80, April 328.20, June 333.40, Aug. 338.60, Oct. 343.70, Dec. 348.80, Feb. 353.80, April [illegible].

*Platinum—July 418.00 (421.00), Aug. nil (416.00), Sept. nil, Oct. 406.30, Jan. 408.30, April 412.30, July 417.10, Oct. 421.40, Jan. 425.50.

Potatoes (round whites)—Nov. 65.1 (66.6), March 91.0, April 108.0, May 128.6.

Tin—692.0-703.0 (695.0-705.0).

CHICAGO, July 26.

Lard—Chicago loose 25.75 (same). New York prime steam 27.25.

Live Cattle—Aug. 61.77-61.77 asked (63.27-61.77), Oct. 61.07-61.15 (62.57-61.10), Dec. 63.15-63.20, Jan. 64.50, Feb. 65.35 asked, April 67.30 asked, June 69.10 asked, Aug. 68.10 asked, Oct. 67.70 asked, Dec. 69.60 asked. Sales: 30.637.

Live Hogs—Aug. 36.40-36.45 (36.72-36.42), Oct. 32.50-32.60 (33.47-32.95), Dec. 33.50-33.55, Feb. 35.65-35.60, April 35.60-35.55, June 39.60-39.70, Aug. 38.55 asked. Sales: 6,689.

‡‡Maize—Sept. 296-295 (295½), Dec. 297-297½ (298¾), March 308-305½, May 308, July 307¼, Sept. 304.

Pork Bellies—Aug. 28.87-28.87 asked (30.87-28.87), Feb. 38.65-38.80 (40.10-38.72), March 39.00-39.40, May 40.20, July 31.12 asked, Aug. 40.12 asked. Sales: 9,278.

Silver—July 950.5 nom. (943.21), Aug. 947.0-952.0 (944.5), Sept. 957.0, Oct. 969.0-973.0, Dec. 983.0-983.50, Feb. 1000.0, April 1013.0, June 1024.5, Aug. 1037.0, Oct. 1050.0, Dec. 1063.0, Feb. 1076.5, April 1090.0, June 1104.0, Aug. 1118.0, Oct. 1132.5, Dec. 1147.0, Feb. 1162.0, April 1177.0, June 1182.0.

†Soyabeans—Aug. 757-748½ (763½), Sept. 748-748 (744), Nov. 742½-740½, Jan. 752-757½, March 764-764½, May 771, July 772½, Aug. 770.

‖Soyabean Meal—Aug. 201.80-201.50 (200.80), Sept. 201.50-202.00 (201.20), Oct. 201.50-201.30, Dec. 202.00-202.50, Jan. 204.00, March 205.00-205.50, May 205.00-204.50, July 204.50-205.00.

Soyabean Oil — Aug. 28.20-28.15 (27.58), Sept. 27.75-27.80 (27.32), Oct. 27.45-27.50, Dec. 27.10-27.15, Jan. 27.10, March 27.05, May 27.05, July 26.90, Aug. 26.85, Sept. 26.80.

‡Wheat—Sept. 435-435½ (427½), Dec. 440½-442 (435½), March 443½-444, May 438, July 415, Sept. 420½ nom.

WINNIPEG, July 26. §Barley—July 96.50 asked (98.00 bid), Oct. 96.30-96.50 (98.30-98.50), Dec. 96.50, March 96.80, May 97.20 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 232.10 (230.30).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. § Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

## Wednesday's closing prices

NEW YORK, July 25.

Coffee—"C" Contract Sept. 205.71 (204.29), Dec. 200.14 (201.16), March 198.19, May 196.00, July 193.90, Sept. 192.85, Dec. 195.00.

Cocoa—Sept. 132.00 (133.35), Dec. 138.70 (139.85), March 143.40, May 146.15, July 148.90, Sept. 151.65, Dec. 133.76.

Cotton—Oct. 64.60-64.65 (64.52), Dec. 64.35-64.45 (64.33), March 65.30-65.35, May 66.20 bid-66.30 asked, July 67.10 bid-67.25 asked, Oct. 67.60 bid-68.25 asked, Dec. 67.90 bid-68.00 asked, Jan. nil.

*Gold—July 304.60 (306.70), Aug. 304.90 (307.10), Sept. 307.80, Oct. 310.70, Dec. 316.40, Feb. 321.90, April 327.30, June 332.50, Aug. 337.70, Oct. 342.80, Dec. 347.90, Feb. 353.00, April 358.10.

CHICAGO, July 25.

‡‡Maize—Sept. 295¼-295⅛ (302¾), Dec. 298¼-298 (305¾), March 308¼-306, May 308-308¼, July 307½-308, Sept. 306.

†Wheat—Sept. 427-428 (430½), Dec. 435-436 (437), March 438½-437, May 432½-433, July 411, Sept. 417 nom.

# EUROPEAN MARKETS

ROTTERDAM, July 26.

Wheat: U.S. No. 2 Dark Hard Winter 13.5 per cent. Aug. $202. U.S. Hard Winter Ordinary unquoted. U.S. No. 2 Red Winter Aug. $191, Sept. $192. U.S. No. 2 Northern Spring 14 per cent. July $199.50, Aug. $196.75, Sept. $198, Oct. $200.75, Nov. $201.

Maize—U.S. No. 3 Corn Yellow afloat $149.50, July $149.50, Aug. $149, Sept. $150, Oct.-Dec. $152.25, Jan.-March $156.50, April-June $162.

Soyameal—44 per cent protein U.S. afloat $240 traded, July $241, Aug. $245, Sept. 252, Oct. $257, Nov.-March $257, Jan.-March $260, April-Sept. $260 sellers. Brazil Pellets afloat $240, traded afloat $240. July $243, Aug. $252, Sept. $256, Oct. $263, Nov. $267 sellers.

PARIS, July 26.

Cocoa (FFr per 100 kilos)—July 1340, Sept. 1311-1320, Dec. 1345-1350, March 1400, May 1390, July 1390. Sales at call 5.

Sugar (FFr per 100 kilos)—Oct. 955-956, Nov. 950-960, Dec. 1010-1015, March 1090-1095, May 1115-1125, July 1130-1150, Aug. 1140-1185, Oct. 1160-1180. Sales at call 10.

## INDICES

FINANCIAL TIMES

| July 25 | July 24 | M'nth ago | Year ago |
|---|---|---|---|
| 281.87 | 282.47 | 297.75 | 282.43 |

(Base: July 1, 1952=100)

MOODY'S

| July 25 | July 24 | M'nth ago | Year ago |
|---|---|---|---|
| 1082.9 | 1084.7 | 1106.7 | 912.0 |

(December 31, 1931=100)

DOW JONES

| Dow Jones | July 25 | July 24 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 406.20 | 407.67 | 422.65 | 361.05 |
| F'tur's | 412.95 | 414.62 | 435.62 | 356.63 |

(Average 1924-25-26=100)

REUTERS

| July 26 | July 25 | M'nth ago | Year ago |
|---|---|---|---|
| 1538.4 | 1543.1 | 1628.2 | 1425.5 |

(Base: September 18, 1931=100)

# Gilts lower despite sterling and new tap at discount

## Equities also down on continuing lack of investment support

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| July 16 | July 26 | July 27 | Aug. 6 |
| July 30 | Aug. 9 | Aug. 10 | Aug. 20 |
| Aug. 13 | Aug. 23 | Aug. 24 | Sept. 3 |

* "New time" dealings may take place from 9.30 am two business days earlier.

Investment incentive was again lacking in most areas of stock markets yesterday. The renewed strength of sterling failed to lend support to Gilt-edged securities and the debut of the new long tap, Treasury 11¾ per cent 2003-07, was uninspiring. After opening at only a small discount, the £15-paid issue attracted a few cheap buyers but stock was later sold quite freely and the tap closed at the day's lowest of 14¼, or ¾ discount.

The market generally in Government stocks appeared to be suffering the after effects of recent substantial purchases and from revived thoughts that the current high level of Minimum Lending Rate would be maintained for a while yet. Further light selling, mainly of a profit-taking nature, found buyers reserved and longer-dated issues conceded ground fairly quickly.

Exchequer 12¼ per cent A 1999 was a good example of the trend and within a comparatively short space of time was showing a loss of a point, which the stock retained to the close. Treasury 14½ per cent 1994 also lost a point to 111¾, but other falls among mediums and longs were a maximum of ¾. The shorts also went lower, but morning losses of ⅜ were slightly reduced later to around ¼.

Trade in the equity sectors remained slack and most leading shares continued easier, reflecting worries about the unsettled economic and industrial background together with the squeeze on company profits generated by the rising pound. Most of the features resulted from a stream of trading announcements; Barclays Bank interim results were awaited with interest, but acute disappointment with the dividend declaration left the price 17 lower at 433p.

Constituents of the FT 30-share index were rarely more than a penny or so cheaper but the absence of "new-time" inquiry for the Account starting on Monday added to the prevailing malaise and the index closed a further 2.9 down at 461.5, its lowest level for over five months.

A steady demand for investment currency lifted rates, despite the revived firmness in sterling, and the premium settled a point higher on balance at 21 per cent. Yesterday's SE conversion factor was 0.9210 (0.9358).

With the July series having finished, demand for Traded options diminished and a total of only 260 contracts was completed against the two previous days' figures of 1,143 and 3,166. Grand Met. was the only stock to attract a useful business, recording 88 trades.

First-time dealings in the heavily oversubscribed Mercantile House Trust were described as moderate and, from an opening level of 181p, compared with the issue price of 160p, the shares rose to 186p before reverting to 181p at the close.

### Barclays disappoints

Reflecting acute disappointment with the interim dividend payment, Barclays fell away sharply to close 17 down on balance at 433p. Midland, the last of the major clearers to report first-half figures, cheapened 5 afresh to a 1979 low of 345p, while Lloyds lost 10 more to 298p and NatWest 7 to 333p. Elsewhere, Keyser Ullmann stood out with a rise of 5 to 62p on renewed support, but Manson Finance, 42p, were unmoved by the higher annual profits and proposed 1-for-3 scrip issue.

Apart from Sedgwick Forbes, which hardened 2 to 80p ahead of interim results, due next month, Insurances continued to drift lower on lack of support.

Revived rumours of a pending offer for the company lifted Sandeman 6 to equal the year's peak of 90p. Elsewhere in the sector, movements of note were conspicuous by their absence. Leading Breweries held their overnight levels, but regional issues drifted lower, mainly owing to a paucity of investment interest. Vaux, 148p and Wolverhampton and Dudley, 282p, fell 3 apiece, while Matthew Brown gave up 2 at 148p.

The majority of the scattered movements in the Building sector were against holders. Burt Boulton, down 10 at 175p, reflected the sharp fall in the preliminary profits, while the annual pre-tax loss prompted a reaction of 5 to 125p in J. Jarvis. D. Crouch, a recent favourite on its coal mining interests, reacted 5 to 180p, while SGB encountered further selling and gave up a similar amount to 238p.

Chemicals drifted lower, ICI closing 3 down at 321p and Fisons 4 to 250p.

### Stores lower

In line with the general trend, Store leaders closed with fairly modest losses following a small trade. Burton A, at 246p, down 4, led the retreat, while Raybeck gave up 3 to 109p and House of Fraser, 167p, and Mothercare, 170p, relinquished 2 apiece. Elsewhere, Blackman and Conrad cheapened 1½ to 17½p, the strong profits recovery being outweighed by the absence of a dividend. Forminster gave up 2 to 144p despite the sharply higher annual earnings.

News that the chairman of Newman Industries had sold 100,000 Ordinary shares of the company to help meet the cost of the court action brought against him by the Prudential, sparked off selling of Newman which steadily fell away to 66p before staging a modest rally to close at 73p, down 12 on balance. Elsewhere in Electricals, Laurence Scott closed 4 lower at 58p, after 56p on the pre-tax loss and passing of the final dividend. Occasional offerings left Electrocomponents 7 cheaper at 420p and Unitech a similar amount off at 188p.

Small selling and lack of support left the Engineering leaders on an easier bias. John Brown gave up 6 more to 433p and GKN were similarly cheaper at 272p. Elsewhere, a fairly lengthy list of company trading statements failed to produce much in the way of price movements. D. F. Bevan firmed 2 to 33p on the annual results and proposed scrip issue. The increased dividend and profits left Symonds a penny dearer at 20p, but Edbro eased 2 to 140p following the full report. Still reflecting the profits warning, Staveley met fresh selling and gave up 6 further to 250p. Sporadic offerings left Acrow "A" down 3 more at 46p, while other dull spots included Lake and Elliot, 4 lower at 49p, and Averys 6 down at 234p. Dealings were temporarily suspended in Sanderson Kayser at 50p; an offer worth around 81p per share from GEI International was announced later.

Foods attracted a moderate business and notable movements were few. Associated Dairies gave up 4 at 258p, while Cadbury Schweppes shed a penny to 53p. Adverse Press comment clipped a similar amount from Spillers at 39½p and Bernard Matthews continued to come under pressure, falling a further 7 at 288p. Fitch Lovell, however, added 2 to 63p following the annual results, while J. Sainsbury, 315p and William Morrison, 160p put on 3 apiece. Demand in a narrow market lifted Batleys of Yorkshire 8 to 108p, but receding bid hopes led to a fall of 3 in Cliffords Dairies A at 74p.

Ladbroke again tended easier and settled 4 down on the session at 169p. Norfolk Capital were also friendless and closed 3 lower at 50p.

### Hensher wanted

Secondary issues provided the *main focal points* in miscellaneous Industrials yesterday. Speculative buying fuelled by takover suggestions helped Hensher A advance 8 to 60p, while some "new-time" interest prompted a similar improvement in Marshalls Universal at 130p. Still reflecting the Board's strong rejection of BTR's 200p per share cash bid and buoyed by Britannic's added support, Bestobell advanced 8 more to 212p on hopes of an eventual higher offer; BTR declined 3 more to 297p. United Carriers rose 5 to 123p on an investment recommendation and Valor hardened a penny to 86p, after 90p, for a similar reason. Higher annual profits and a proposed 100 per cent scrip issue helped Cawoods add 5 to 217p, while the U.S. acquisition details left Powell Duffryn 4 to the good at 180p, after 184p. Jacksons Bourne End, a dull market of late following the Inland Revenue's investigation into the affairs of its associated concern Rossminster, cheapened 5 more to 125p on nervousness ahead of today's preliminary results. Braby Leslie fell 3 to 58p in reaction to the profits warning at the annual meeting, while I.C. Gas lost 7 more to 503p on renewed profit-taking. The leaders lacked support and drifted gently lower. Glaxo cheapened 5 to 437p, Unilever gave up 4 to 484p and Bowater relinquished 2 to 153p. Sears softened a fraction to 48½p following news of the death of Sir Charles Clore.

Gordon and Gotch advanced 3 to 73p on the company's confident view of prospects which accompanied the preliminary results.

Properties plotted an irregular course in moderate trading. Reflecting the return to profitability, British Land touched 79p before closing a penny up on balance at 77p. Regional, 118p, and the A, 110p, however, cheapened 3 and 1 respectively following the results. Small offerings prompted a fall of 5 in Land Securities, 290p, and a reaction of 3 to 183p in MEPC. While Laing A gave up 4 to 150p and Slough Estates dipped 3 to 111p.

### Oils ease

The drift in Oil shares continued. British Petroleum eased 5 further to 1215p among the leaders, but Shell picked up from 334p to close a few pence better on balance at 338p. Secondary issues to record losses of a few pence or so included Burmah, 140p, Lasmo, 224p, and Ultramar, 258p. Against the trend, small speculative buying left Siebens (UK) 18 to the good at 248p.

Owing to its Dutch commodity trading subsidiary again turning in a poor performance, the annual profits from Inchcape showed a sizeable reduction on last year, but following the expected dividend increase and the chairman's optimism about current trading, the shares advanced 18 to 278p.

Among Financial Trusts, Smith Bros. eased 3 to 38p following adverse mention, while Akroyd and Smithers were 9 down at 211p in sympathy.

Selective buying interest was shown in Shippings after the recent bout of profit-taking. Reardon Smith 'A' revived with a rise of 6 to 78p, while satisfactory preliminary figures prompted a rise of 2 to 42p in John I. Jacobs.

Among Textiles, Harold Ingram improved 4 to 44p, still influenced by Wednesday's full-year statement. The general trend however, was to lower levels, Coats Patons eased 1½ more for a two-day loss of 3 at 56½p, while recent support for Nova (Jersey) faded and the close was 2 off at 40p. Textured Jersey ended 3 lower at 49p.

Recently static Teas were marked up in sympathy with Lawrie's disposal of their Jokai subsidiary for £3.8m, which was announced late on Wednesday. Lawrie rose 10 to 410p, while Romai, 460p, Assam Dooars, 277p, and Assam Froneir, 270p all firmed around 5.

### CRA move ahead

Rumours emanating from Melbourne that a further diamond region has been discovered in the vicinity of the Ashton venture prompted a late flurry of buying interest in Australian diamond exploration issues.

The participants in the Ashton venture attracted the majority of the buying with Conzinc Riotinto 8 higher at 176p, Ashton Mining 4 better at 62p and Northern Mining 3 firmer at 55p. Other diamond stocks to improve included Samantha, 2 up at 30p and Otter Exploration, which added 3 to 46p.

Elsewhere in Australians Gold Mines of Kalgoorlie put on 2 to 87p on consideration of the buoyant bullion price, while renewed speculative buying left Pacific Copper a further 3 up at 82p.

South African Golds edged higher at the outset reflecting the higher than expected morning bullion fixing. However, a subsequent downturn in the latter brought out small selling and profit-taking with the result that prices closed little changed on balance. The bullion price ended $2.50 up at $306.375.

The Gold Mines index showed a 0.8 gain at 158.4 but the ex-premium index lost 1.6 to 145.9.

## LONDON TRADED OPTIONS

| Option | Ex'rc'se price | Oct. Closing offer | Oct. Vol. | Jan. Closing offer | Jan. Vol. | April Closing offer | April Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 1150 | 110 | 2 | — | — | — | — | 1219p |
| BP | 1300 | 26 | 2 | 65 | — | 90 | — | " |
| Cons. Gold | 220 | 18 | 4 | 23 | — | 29 | — | 220p |
| Cons. Gold | 240 | 8 | 4 | 15 | — | 20 | — | " |
| GEC | 330 | 51 | — | 68 | 3 | 78 | — | 361p |
| GEC | 390 | 15 | — | 31 | — | 42 | 2 | " |
| GEC | 420 | 6 | 10 | 20 | — | — | — | " |
| Grand Met. | 110 | 25 | 18 | — | — | — | — | 141p |
| Grand Met. | 130 | 12 | — | 18 | 25 | — | — | " |
| Grand Met. | 150 | 5 | 8 | 9 | — | — | — | " |
| Grand Met. | 130 | — | — | — | — | 28 | 10 | " |
| Grand Met. | 140 | — | — | — | — | 20 | 25 | " |
| ICI | 330 | 55 | — | 14 | — | 5 | — | 322p |
| Land Secs. | 280 | 27 | 20 | 55 | — | 46 | 5 | 290p |
| Land Secs. | 300 | 16 | — | 26 | 5 | 36 | 7 | " |
| Land Secs. | 330 | 5 | — | 16 | 10 | — | — | " |
| Marks & Sp. | 100 | 17 | 1 | — | — | — | — | 111p |
| Marks & Sp. | 110 | 11 | 5 | 15 | — | 19 | — | " |
| Marks & Sp. | 130 | 5 | — | 7 | 27 | — | — | " |
| Shell | 325 | 26 | — | 25 | 27 | — | — | 336p |
| Shell | 400 | 4 | — | 8 | 20 | — | — | " |
| Totals | | | 74 | | 117 | | 49 | |
| | | August | | November | | February | | |
| Boots | 200 | 2 | — | 9 | 5 | 15 | 8 | 184p |
| RTZ | 360 | ¾ | — | 3 | 10 | — | — | 283p |
| Totals | | | | | 15 | | 5 | |

## FINANCIAL TIMES STOCK INDICES

| — | July 26 | July 25 | July 24 | July 23 | July 20 | July 19 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 73.23 | 73.65 | 73.96 | 73.59 | 73.37 | 73.48 | 70.79 |
| Fixed Interest | 74.95 | 75.22 | 75.36 | 74.95 | 74.66 | 74.72 | 72.21 |
| Industrial | 461.5 | 464.4 | 467.0 | 466.7 | 471.2 | 471.9 | 488.8 |
| Gold Mines | 158.4 | 157.6 | †161.8 | 164.3 | 159.9 | 161.3 | 173.2 |
| Gold Mines(Ex-$ pm) | 145.9 | 147.5 | †151.7 | 152.7 | 150.4 | †153.4 | 118.4 |
| Ord. Div. Yield | 6.86 | 6.82 | 6.78 | 6.78 | 6.73 | 6.70 | 5.45 |
| Earnings, Yld. % (full) | 17.26 | 17.18 | 17.06 | 17.06 | 16.93 | 16.87 | 16.53 |
| P/E Ratio (net) (*) | 7.25 | 7.30 | 7.34 | 7.34 | 7.39 | 7.46 | 8.08 |
| Total bargains | 15,508 | 15,667 | 15,869 | 15,500 | 15,180 | 15,889 | — |
| Equity turnover £m | — | 76.97 | 73.06 | 76.66 | 67.58 | 69.89 | 75.18 |
| Equity bargains total | — | 11,168 | 9,926 | 11,021 | 10,378 | 11,726 | 16,463 |

10 am 461.9. 11 am 461.7. Noon 461.0. 1 pm 461.2. 2 pm 461.3. 3 pm 461.3.

Latest Index 01-246 8026.

* Nil = 6.96.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| — | 1979 High | 1979 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 75.91 (4/5) | 64.54 (8/2) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 77.76 (5/5) | 66.03 (13/2) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 558.6 (4/5) | 446.1 (12/2) | 558.6 (4/5/79) | 49.4 (26/6/40) |
| Gold Mines | 208.4 (6/6) | 129.9 (17/8) | 442.3 (22/5/75) | 43.5 (26/10/71) |
| Gold Mines (Ex-$pm) | 169.5 (6/6) | 95.2 (2/11) | 337.1 (3/4/74) | 54.3 (25/6/75) |

### S.E. ACTIVITY

| | July 26 | July 25 |
|---|---|---|
| —Daily | | |
| Gilt Edged | 148.2 | 147.3 |
| Industrials | 141.7 | 125.0 |
| Speculative | 29.5 | 28.6 |
| Totals | 96.0 | 85.5 |
| 5-d'y Av'r'ge | | |
| Gilt Edged | 136.9 | 137.6 |
| Industrials | 115.7 | 112.6 |
| Speculative | 27.1 | 26.4 |
| Totals | 79.5 | 77.6 |

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1979 high | 1979 low |
|---|---|---|---|---|---|---|
| Mercantile House "New" | 25p | 11 | 181 | — | 187 | 178 |
| ICI | £1 | 9 | 321 | − 3 | 415 | 321 |
| Midland Bank | £1 | 8 | 345 | − 5 | 455 | 345 |
| Barclays Bank | £1 | 7 | 433 | − 17 | 514 | 380 |
| Ladbroke | 10p | 7 | 169 | − 4 | 243 | 167 |
| Newman Inds. | 25p | 7 | 73 | − 12 | 99 | 66 |
| Spillers | 25p | 7 | 39½ | − 1 | 49½ | 30½ |
| BTR | 25p | 6 | 297 | − 3 | 341 | 219 |
| Beecham | 25p | 6 | 535 | − 2 | 755 | 520 |
| BP | £1 | 6 | 1215 | − 5 | 1295 | 882 |
| Courtaulds | 25p | 6 | 84 | — | 122 | 84 |
| GEC | 25p | 6 | 361 | + 1 | 456 | 311 |
| Imperial Group | 25p | 6 | 91 | — | 108 | 82 |
| Unilever | 25p | 6 | 486 | − 2 | 680 | 482 |
| Woolworth (F. W.) | 25p | 6 | 73 | — | 87 | 62 |

## Australian group in gas project

NORTH WEST Mining with Haoma Gold Mines, an Australian group, has joined Taylor Woodrow, RTZ Oil and Gas and James Finlay and Co. in the Candecca Resources oil and gas programme on the North Yorkshire moors.

North West-Haoma will earn a 13 per cent working interest in the work, including offset wells to the Malton well, drilled in 1970 and flowing up to 9.6m/cu ft a day of gas. The company also has interests in Australian oil, diamonds, gold and base metals prospects including a current diamond effort with Selection Trust.

## Health tests for villagers urged

VILLAGERS IN Shipham, Somerset are snubbing a research team trying to trace health hazards, it was claimed yesterday.

An Environment Department official urged them to reconsider their attitude to clinical tests the team wants to do.

Early findings from soil tests have confirmed high levels of the poisonous heavy metal cadmium in and around Shipham he said.

"We feel it is imperative that those people should take the tests."

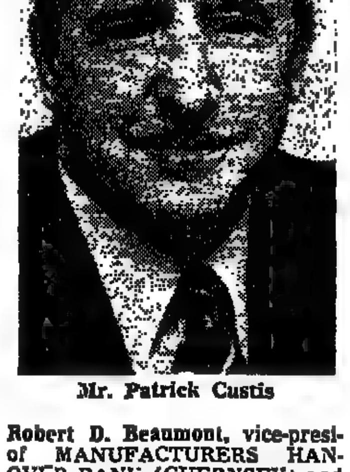
## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 5 | 71 | 11 |
| Corpns. Dom. and Foreign Bonds | 3 | 17 | 45 |
| Industrials | 135 | 383 | 882 |
| Financial and Prop. | 41 | 146 | 316 |
| Oils | 7 | 17 | 25 |
| Plantations | 10 | 3 | 18 |
| Mines | 47 | 25 | 72 |
| Others | 78 | 23 | 61 |
| Totals | 326 | 685 | 1,422 |

**APPOINTMENTS**

# Lloyds Bank region director

Mr. Patrick Custis has been appointed, with effect from August 1, as a regional director of the Birmingham and West Midlands Board of LLOYDS BANK, which sits at Birmingham under the chairmanship of Sir Daniel Pettit. Mr. Custis is director of finance of Guest Keen and Nettelfolds.



Mr. Patrick Custis

*

Mr. Roger Kingdon has been elected president of the PROCESS PLANT ASSOCIATION. He has been chairman and managing director of Newell Dunford Engineering since 1972 and also a member of the Board of the parent company, Dunford and Elliott. On the acquisition of Dunford and Elliott by Lonrho in 1977, Mr. Kingdon became a member of the executive management Board of the Lonrho engineering division. He is chairman of the Chemicals and Minerals Requirements Board and a member of the Overseas Projects Board.

*

Mr. C. Vowles, chairman of the plastics division of IMPERIAL CHEMICAL INDUSTRIES, is retiring from the company. Mr. T. O. Hutchison, at present a plastics division deputy chairman, has been appointed chairman of the division from September 1. Mr. A. I. H. Pink, who is a vice-president, petrochemicals developments, ICI American Inc., is to become a deputy chairman of ICI petrochemicals division from October 1.

*

Mr. Monte Svardal and Mr. Herbert Heller have been appointed directors of DALGETY INC., a subsidiary of Dalgety Limited.

*

Mr. John Boon has been elected chairman of the council of the WATER COMPANIES ASSOCIATION. He succeeds Sir John Cockram who is to become the council's first deputy president. Mr. Boon is general manager of the East Anglian Water Company. Mr. Maurice Lowther, managing director of the Newcastle and Gateshead Water Company, has been made deputy chairman of the council.

*

CYRIL LEONARD AND CO. announces the incorporation into the firm of Michael Faraday and Partners. Mr. Christopher Glenn, former associate of Vigers, and Mr. Neil Kennedy, previously with the Law Land Company, have joined the partnership to expand the professional and agency departments respectively.

*

Mr. Michael Hammond has been appointed financial controller of GREGGS OF MANCHESTER, a division of Greggs Bakeries.

*

Mr. John R. Timmel, at present managing director of Manufacturers Hanover Bank/Belgium S.A./N.V., will succeed Mr. Robert D. Beaumont, vice-president of MANUFACTURERS HANOVER BANK (GUERNSEY) and director of the MH CREDIT CORPORATION from August 1. Mr. Robert D. Beaumont, vice president, has been appointed directeur general of Manufacturers Hanover Banque Nordique, Paris, from that date.

*

Mr. Alexander J. Walsh, London manager of the NATIONAL BANK OF AUSTRALASIA, is to return to Australia to take up his new appointment as manager, investment services, at head office, Melbourne. He will be succeeded by Mr. Warwick D. Backhouse, who is at present a regional manager in New South Wales.

*

The Home Secretary has reappointed Mr. J. G. Marriage, QC, as a member of the HORSERACE BETTING LEVY BOARD for two years from September 1. Mr. Marriage is a Recorder of the Crown Court.

*

Mr. Michael Foreman, at present investment secretary of LONDON AND MANCHESTER ASSURANCE COMPANY, is to become investment manager when Mr. Raymond Dawes retiring from that post at the end of September.

*

Mr. J. Bidder has joined INGECO LAING as sales and commercial director. He was previously with Petrocarbon Developments. Ineco Laing is a member of the Altech Group.

*

Mr. Gerry Walsh has been appointed managing director of the GLACIER METAL COMPANY from September 1. He is at present director and general manager of Glacier No. 3 factory (Kilmarnock). The company is a subsidiary of Associated Engineering.

*

The Sedgwick Forbes Bland Payne Group has established an employee benefits company in Hong Kong to cover the Far East region. Executive directors of SEDGWICK FORBES EMPLOYEE BENEFITS CONSULTANTS (FAR EAST) are Mr. W. H. Glover and Mr. S. H. Leckie.

*

Mr. George Russell, managing director of Alcan (UK) has been appointed by the Home Secretary as an additional member of the INDEPENDENT BROADCASTING AUTHORITY, increasing the number of members of the IBA to 12.

## BANK RETURN

| | Wednesday July 25 1979 | Increase (+) or Decrease (—) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| Liabilities | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 23,533,999 | — 521,406 |
| Special Deposits | 91,955,000 | — |
| Bankers Deposits | 445,899,596 | — 8,895,822 |
| Reserves & other Accounts | 601,987,284 | + 32,423,665 |
| | 1,177,918,879 | + 23,006,437 |
| ASSETS | | |
| Government Securities | 547,373,971 | + 14,963,756 |
| Advances & Other Accounts | 327,330,591 | + 142,306,695 |
| Premises Equipment & Other Secs. | 177,320,732 | — 134,438,163 |
| Notes | 25,697,382 | + 175,920 |
| Coin | 196,203 | — 7,771 |
| | 1,177,918,879 | + 23,006,437 |
| **ISSUE DEPARTMENT** | | |
| Liabilities | £ | £ |
| Notes Issued | 9,725,000,000 | + 25,000,000 |
| In Circulation | 9,699,302,618 | + 24,823,080 |
| In Banking Department | 25,697,382 | + 176,920 |
| ASSETS | | |
| Government Debt | 11,015,100 | |
| Other Government Securities | 8,432,509,258 | + 88,019,677 |
| Other Securities | 1,281,475,642 | — 63,019,677 |
| | 9,725,000,000 | + 25,000,000 |

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## NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

**NEW HIGHS (8)**

BRITISH FUNDS (1)
Treasury 3pc 1979
COM'WEALTH & AFRICAN LOANS (1)
S. Rhod. 2½pc '65-70
ENGINEERING (1)
Sheepbridge
INDUSTRIALS (2)
Hensher A, Scottros
TRUSTS (1)
Camellia Invs.
TEAS (1)
Lawrie Plantation
MINES (1)
Mincorp

**NEW LOWS (105)**

BRITISH FUNDS (5)
AMERICANS (1)
CANADIANS (8)
BANKS (3)
BUILDINGS (1)
CHEMICALS (2)
DRAPERY & STORES (1)
ELECTRICALS (2)
ENGINEERING (24)
HOTELS (1)
INDUSTRIALS (15)
INSURANCE (1)
MOTORS (7)
PROPERTY (1)
SHOES (1)
SOUTH AFRICANS (1)
TEXTILES (3)
TRUSTS (21)
OILS (1)
OVERSEAS TRADERS (2)
MINES (4)

## OPTIONS

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| July 24 | Aug. 6 | Oct. 18 | Oct. 30 |
| Aug. 7 | Aug. 20 | Nov. 1 | Nov. 13 |
| Aug. 21 | Sept. 3 | Nov. 15 | Nov. 27 |

*For rate indications see end of Share Information Service*

In a quiet business, call options were recorded in MFI, Charterhall, Reardon Smith "A," Westland Aircraft, John Brown, Town and City, Lonrho, Hongkong Bank, Bambers, Otter Exploration, Acrow "A," Silvermines, Carrington Viyella and Burmah. No puts or doubles were traded.

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1979 High | 1979 Low | Stock | Closing Price p | + or − | Div. or Amount | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ‡‡ | F.P. | 24/8 | 75 | 60 | Arrow Chemicals | 70 | ...... | b2.0 | 2.3 | 4.1 | 16.1 |
| 65 | F.P. | 11/7 | 91 | 76 | B & Q (Retail) 5p | 81 | ...... | 2.46 | 2.8 | 3.0 | 17.4 |
| 80½ | F.P. | 27/7 | 101½ | 95½ | Fairline Boats | 101½ | + 1½ | b3.5 | 3.6 | 4.9 | 7.3 |
| ‡‡ | F.P. | — | 58 | 52 | Malay'n Pl'ts Berhad | 54½ | ...... | bQ180 | 1.3 | 7.4 | — |
| 160 | F.P. | — | 187 | 178 | Mercantile House | 181 | ...... | 10.72 | 2.3 | 8.5 | 7.4 |
| ** | F.P. | 10/8 | 37 | 28½ | Mettoy Dfd. | 28½ | ...... | | | | |
| ‡‡ | F.P. | — | 44 | 36 | Phicom 10p | 37½ | ...... | N1.0 | 4.6 | 3.8 | 13.6 |
| 160 | F.P. | 8/8 | 186 | 178 | StandardTel.&Cables | 183 | ...... | b8.0 | 2.1 | 6.2 | 11.0 |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid Up | Latest Renunc. Date | 1979 High | 1979 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| ¶91 | F.P. | 21/9 | 87 | 86½ | Aurora 8¼ Conv. Cum. Pref. | 87 | ...... |
| 100 | F.P. | 20/7 | 101¼ | 93 | English & Overseas Inv. Conv. | 93 | ...... |
| ¶96½ | £10 | — | 11⅓ | 11⅛ | Essex Water 8% Red Pref. 1984 | 11⅛ | ...... |
| 100 | F.P. | 27/7 | 115 | 107½ | Kwik-Fit (Tyres) 8% Cnv. Ln. 1979/85 | 111 | ...... |
| 100 | F.P. | 20/7 | 102 | 87 | Marsh'll's Univ'rs'l 7½% Cnv.Cum.Red.Prf. | 87 | ...... |
| 100 | F.P. | 30/8 | 102 | 100 | Portsmouth Water 8% Red. Prf. 1984 | 101½ | ...... |
| ¶98 | £10 | 24/8 | £13 | £12½ | Sund. & S. Shields Water 8% 1986 | £13 | ...... |
| ¶98 | £10 | 18/10 | £13 | £12½ | Wrexham Water 8% 1984 | £13 | ...... |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid Up | Latest Renunc. Date ● | Latest Renunc. Date ■ | 1979 High | 1979 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|---|
| A52 | Nil | — | — | 37½pm | 38pm | Bank of New South Wales | 38pm | +½ |
| 36 | F.P. | 9/7 | 10/8 | 40 | 36½ | Causton Sir (J.) | 40 | ...... |
| 65 | F.P. | 17/7 | 10/8 | 90 | 82 | Century Oils | 87 | −1 |
| 52½ | F.P. | 10/7 | 10/8 | 63 | 55 | Combined English Stores | 63 | ...... |
| 30 | Nil | 3/8 | 24/8 | 11pm | 10½pm | Control Securities | 10½pm | ...... |
| 25 | Nil | — | — | 4pm | 3pm | Edinburgh & Gen. | 4pm | ...... |
| 195 | F.P. | 20/7 | 10/8 | 223 | 209 | Elliott (B.) | 216 | ...... |
| 100 | F.P. | 13/7 | 3/8 | 138 | 125 | Geevor Tin | 130 | ...... |
| 60 | Nil | 3/8 | 7/9 | 19pm | 17pm | Goldberg (A.) | 19pm | +1 |
| 125 | F.P. | 29/6 | 10/8 | 146 | 131 | Grand Metropolitan | 148 | −1 |
| 50 | Nil | 6/8 | 31/8 | 71pm | 50pm | Hanson Trust | 52pm | −1 |
| 47 | Nil | 30/7 | 28/8 | 3pm | 1½pm | Hargreaves | 1½pm | −¾ |
| 88 | F.P. | 27/7 | 24/8 | 101 | 91 | Highland Dist. | 101 | ...... |
| 155 | F.P. | 13/7 | 24/8 | 208 | 182½ | Holt Lloyd Intl | 204 | −3 |
| 110 | F.P. | 5/7 | 7/9 | 114 | 109 | Intl. Timber | 111 | −1 |
| 105 | F.P. | 13/7 | 3/8 | 110 | 106 | McCorquodale | 107 | −3 |
| 25cts | Nil | — | — | 1pm | Nil | Ovenstone | Nil | ...... |
| 60 | F.P. | 20/7 | 10/8 | 129 | 110 | Sound Diffusion | 126 | −1 |
| 108 | F.P. | 27/7 | 20/8 | 168 | 126 | Stylo Shoes | 167 | +1 |
| 57 | F.P. | 20/7 | 24/8 | 68 | 60 | UBM | 66 | +½ |
| 87 | F.P. | 13/7 | 10/8 | 110 | 94 | W.G.I. | 107 | ...... |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

# FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS & SUB-SECTIONS**

Figures in parentheses show number of stocks per section

| | | Thurs., July 26, 1979 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Wed., July 25 Index No. | Tues., July 24 Index No. | Mon., July 23 Index No. | Fri., July 20 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (172) | 239.06 | −0.4 | 18.00 | 5.90 | 7.19 | 239.97 | 241.89 | 241.88 | 243.11 | 223.74 |
| 2 | Building Materials (27) | 223.72 | −0.2 | 18.71 | 5.94 | 6.96 | 224.25 | 224.91 | 224.75 | 225.03 | 202.76 |
| 3 | Contracting, Construction (28) | 350.75 | −0.5 | 26.01 | 5.95 | 4.81 | 352.64 | 355.26 | 354.48 | 356.06 | 363.83 |
| 4 | Electricals (15) | 582.88 | — | 13.38 | 3.98 | 10.26 | 582.79 | 585.45 | 584.11 | 587.82 | 479.52 |
| 5 | Engineering Contractors (12) | 379.91 | −0.3 | 19.08 | 6.19 | 6.71 | 381.20 | 385.54 | 385.46 | 385.87 | 327.84 |
| 6 | Mechanical Engineering (74) | 174.79 | −0.4 | 19.23 | 6.60 | 6.62 | 175.56 | 177.75 | 178.39 | 179.58 | 180.12 |
| 8 | Metals and Metal Forming (16) | 161.61 | −1.4 | 20.02 | 9.27 | 6.21 | 163.90 | 166.18 | 166.25 | 167.34 | 168.67 |
| | CONSUMER GOODS | | | | | | | | | | |
| 11 | (DURABLE) (52) | 226.17 | — | 16.18 | 3.65 | 7.88 | 226.21 | 227.15 | 226.62 | 227.16 | 205.37 |
| 12 | Lt. Electronics, Radio, TV (16) | 316.25 | +0.2 | 12.69 | 3.78 | 10.37 | 315.61 | 316.53 | 315.79 | 315.67 | 245.18 |
| 13 | Household Goods (12) | 151.27 | −0.5 | 20.06 | 7.55 | 6.14 | 152.00 | 152.00 | 151.81 | 153.14 | 183.04 |
| 14 | Motors and Distributors (24) | 110.29 | −0.4 | 23.71 | 7.54 | 5.12 | 110.79 | 111.68 | 111.38 | 113.17 | 127.41 |
| | CONSUMER GOODS | | | | | | | | | | |
| 21 | (NON-DURABLE) (171) | 230.46 | −0.3 | 16.99 | 6.12 | 7.36 | 231.22 | 232.05 | 231.70 | 233.70 | 218.97 |
| 22 | Breweries (14) | 276.87 | −0.2 | 16.35 | 5.46 | 7.29 | 277.40 | 276.52 | 275.56 | 277.19 | 238.65 |
| 23 | Wines and Spirits (6) | 326.93 | +0.1 | 16.81 | 5.49 | 7.43 | 326.71 | 327.81 | 324.28 | 326.98 | 272.45 |
| 24 | Entertainment, Catering (17) | 301.68 | −0.3 | 16.49 | 6.74 | 7.99 | 302.75 | 306.91 | 305.40 | 310.12 | 261.87 |
| 25 | Food Manufacturing (19) | 195.52 | −0.6 | 20.24 | 6.76 | 6.14 | 196.60 | 196.00 | 196.11 | 198.81 | 200.51 |
| 26 | Food Retailing (15) | 297.17 | −0.2 | 12.12 | 4.26 | 10.28 | 297.86 | 299.56 | 298.46 | 300.88 | 218.43 |
| 32 | Newspapers, Publishing (12) | 404.86 | — | 23.37 | 7.19 | 6.00 | 404.94 | 407.85 | 406.84 | 407.85 | 400.99 |
| 33 | Packaging and Paper (15) | 121.02 | −0.9 | 24.29 | 9.21 | 5.33 | 122.16 | 121.56 | 121.58 | 121.81 | 138.33 |
| 34 | Stores (41) | 238.05 | −0.5 | 12.28 | 4.33 | 10.71 | 239.36 | 240.28 | 240.90 | 242.65 | 198.77 |
| 35 | Textiles (23) | 151.18 | −0.6 | 24.17 | 10.07 | 5.24 | 152.16 | 154.91 | 155.15 | 156.54 | 179.09 |
| 36 | Tobacco (3) | 232.25 | +0.7 | 24.71 | 9.58 | 4.60 | 230.66 | 232.33 | 230.25 | 231.94 | 252.05 |
| 37 | Toys and Games (6) | 65.84 | −1.3 | 34.59 | 10.23 | 3.47 | 66.70 | 67.58 | 67.39 | 68.11 | 104.71 |
| 41 | OTHER GROUPS (99) | 194.46 | −0.6 | 16.41 | 6.45 | 7.51 | 195.57 | 196.17 | 196.75 | 198.16 | 204.86 |
| 42 | Chemicals (18) | 267.06 | −0.8 | 19.00 | 7.23 | 6.14 | 269.28 | 271.80 | 271.49 | 274.25 | 292.25 |
| 43 | Pharmaceutical Products (7) | 213.40 | −0.5 | 13.14 | 5.12 | 9.30 | 214.48 | 213.40 | 214.88 | 214.01 | 267.59 |
| 44 | Office Equipment (6) | 116.68 | — | 17.19 | 7.11 | 7.30 | 116.89 | 116.82 | 117.81 | 117.46 | 132.73 |
| 45 | Shipping (10) | 452.47 | — | 10.39 | 6.63 | 12.89 | 452.36 | 453.82 | 460.19 | 468.13 | 415.99 |
| 46 | Miscellaneous (58) | 232.70 | −0.6 | 16.77 | 6.28 | 7.71 | 234.00 | 234.54 | 235.31 | 237.25 | 215.97 |
| 49 | INDUSTRIAL GROUP (494) | 230.50 | −0.4 | 17.05 | 6.06 | 7.38 | 231.34 | 232.43 | 232.39 | 234.04 | 219.36 |
| 51 | Oils (6) | 647.19 | — | 12.27 | 5.20 | 8.67 | 647.37 | 647.81 | 649.32 | 656.07 | 482.46 |
| 59 | 500 SHARE INDEX | 264.10 | −0.3 | 16.19 | 5.91 | 7.58 | 264.93 | 265.96 | 266.03 | 268.86 | 242.21 |
| 61 | FINANCIAL GROUP (116) | 183.70 | −1.1 | — | 5.60 | — | 185.76 | 186.56 | 188.93 | 190.43 | 168.70 |
| 62 | Banks (6) | 218.96 | −2.6 | 34.16 | 5.54 | 3.76 | 224.78 | 232.79 | 232.57 | 235.15 | 240.10 |
| 63 | Discount Houses (10) | 257.62 | −0.1 | — | 7.13 | — | 257.96 | 258.58 | 259.65 | 259.09 | 207.49 |
| 64 | Hire Purchase (5) | 161.98 | +0.1 | 20.48 | 5.36 | 6.25 | 161.89 | 162.18 | 162.47 | 163.34 | 155.98 |
| 65 | Insurance (Life) (10) | 146.99 | −1.1 | — | 6.92 | — | 148.58 | 148.81 | 150.22 | 151.57 | 141.65 |
| 66 | Insurance (Composite) (8) | 118.60 | −0.1 | — | 7.61 | — | 118.77 | 119.77 | 120.01 | 120.72 | 129.22 |
| 67 | Insurance Brokers (10) | 235.18 | +0.3 | 21.29 | 7.80 | 6.72 | 234.31 | 237.80 | 239.94 | 241.67 | 349.34 |
| 68 | Merchant Banks (14) | 96.32 | +0.7 | — | 5.73 | — | 95.65 | 96.66 | 97.76 | 98.36 | 79.95 |
| 69 | Property (43) | 351.85 | −0.9 | 3.13 | 2.56 | 47.60 | 354.96 | 356.72 | 355.71 | 358.24 | 243.13 |
| 70 | Miscellaneous (10) | 116.67 | −1.7 | 15.95 | 7.65 | 8.03 | 118.64 | 120.39 | 121.91 | 122.57 | 106.85 |
| 71 | Investment Trusts (110) | 202.83 | −0.5 | — | 5.57 | — | 203.76 | 204.42 | 204.52 | 205.16 | 224.64 |
| 81 | Mining Finance (4) | 112.16 | — | 17.76 | 6.74 | 6.90 | 112.16 | 113.23 | 113.72 | 114.99 | 101.18 |
| 91 | Overseas Traders (20) | 325.33 | +0.5 | 16.69 | 7.64 | 7.34 | 324.26 | 326.00 | 326.28 | 329.89 | 320.46 |
| 99 | ALL-SHARE INDEX (750) | 240.71 | −0.4 | — | 5.89 | — | 241.76 | 243.19 | 243.35 | 245.21 | 223.16 |

**FIXED INTEREST PRICE INDICES**

| | British Government | Thurs., July 26 | Day's change % | xd adj. today | xd adj. 1979 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 105.36 | −0.12 | — | 4.94 |
| 2 | 5-15 years | 117.13 | −0.64 | 0.39 | 6.98 |
| 3 | Over 15 years | 124.71 | −0.69 | 0.21 | 8.15 |
| 4 | Irredeemables | 139.56 | −0.74 | — | 7.24 |
| 5 | All stocks | 115.17 | −0.47 | 0.16 | 6.58 |

**FIXED INTEREST YIELDS**

| | Br. Govt. Av. Gross Red. | | Thurs., July 26 | Wed., July 25 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 10.16 | 10.08 | 8.71 |
| 2 | | 15 years | 10.60 | 10.51 | 10.04 |
| 3 | | 25 years | 11.03 | 10.93 | 11.55 |
| 4 | Medium Coupons | 5 years | 12.29 | 12.19 | 11.26 |
| 5 | | 15 years | 12.18 | 12.07 | 12.05 |
| 6 | | 25 years | 12.07 | 11.96 | 12.17 |
| 7 | High Coupons | 5 years | 12.46 | 12.35 | 11.50 |
| 8 | | 15 years | 12.46 | 12.35 | 12.57 |
| 9 | | 25 years | 12.46 | 12.35 | 12.81 |
| 10 | Irredeemables | | 10.56 | 10.47 | 11.57 |

| | | Thurs., July 26 Index No. | Thurs., July 26 Yield % | Wed. July 25 | Tues. July 24 | Mon. July 23 | Fri. July 20 | Thurs. July 19 | Wed. July 18 | Tues. July 17 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 58.47 | †12.70 | 58.54 | 58.49 | 58.44 | 58.44 | 57.56 | 57.56 | 57.34 | 57.17 |
| 16 | Investment Trust Prefs. (15) | 51.60 | 13.00 | 51.60 | 51.60 | 51.55 | 51.55 | 52.06 | 52.16 | 52.16 | 50.60 |
| 17 | Coml. and Indl. Prefs. (20) | 72.82 | 12.38 | 72.10 | 72.10 | 71.47 | 71.47 | 69.96 | 69.91 | 70.06 | 70.08 |

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

# AUTHORISED UNIT TRUSTS

**Minster Fund Managers Ltd.**
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

| | | | | |
|---|---|---|---|---|
| Minster July 16 | 38.6 | 40.6 | ..... | 6.71 |
| Exempt June 29 | 104.4 | 108.4 | ..... | 6.18 |

**MLA Unit Trust Mngmnt. Ltd.**
Old Queen Street, SW1A 9JG. 01-222-8177

| | | | | |
|---|---|---|---|---|
| MLA Units | 53.7 | 56.5 | ..... | 3.75 |

**Murray Johnstone U.T. Mgmt.♥ (a)**
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

| | | | | |
|---|---|---|---|---|
| MJ European | 65.7 | 70.0 | −0.6 | 4.65 |

Dealing Day Friday.

**Mutual Unit Trust Managers♥ (a)(g)**
15 Copthall Ave., EC2R 7BU. 01-606 4803

| | | | | |
|---|---|---|---|---|
| Mutual Sec. Plus | 51.0 | 54.4 | −0.3 | 7.70 |
| Mutual Inc. Tst. | 71.6 | 76.0 | −0.3 | 7.88 |
| Mutual Blue Chip | 45.3 | 48.8 | −0.3 | 6.76 |
| Mutual High Yld. | 56.4 | 60.7 | −0.4 | 9.29 |

**National and Commercial**
31, St. Andrew Square, Edinburgh. 031-556 9555.

| | | | | |
|---|---|---|---|---|
| Income July 18 | 162.4 | 168.4 | ..... | 6.16 |
| (Accum. Units) | 230.4 | 239.0 | ..... | 6.16 |
| Capt. July 18 | 136.0 | 141.0 | ..... | 3.51 |
| (Accum. Units) | 167.4 | 173.4 | ..... | 3.51 |

**National Provident Inv. Mngrs. Ltd.♥**
48, Gracechurch St., EC3P 3HR. 01-623 4200

| | | | | |
|---|---|---|---|---|
| N.P.I. Gth.Un.Tst. | 52.8 | 56.2 | ..... | 4.90 |
| (Accum. Units)* | 66.7 | 71.0 | ..... | 4.90 |
| NPI O'seas. Trust | 120.1 | 127.1 | −3.4 | 2.80 |
| (Accum. Units)** | 130.0 | 137.8 | −3.7 | 2.80 |

*Prices on July 26. Next dealing Aug. 30.

**National Westminster♥ (a)**
161, Cheapside, EC2V 6EU. 01-606 6060

| | | | | |
|---|---|---|---|---|
| Capital (Accum.) | 68.0 | 73.1 | ..... | 4.15 |
| Extra Inc. | 64.3 | 69.1 | ..... | 9.88 |
| Financial | 33.1 | 35.5 | ..... | 5.53 |
| Growth Inv. | 83.4 | 89.6 | ..... | 5.05 |
| Income | 35.0 | 37.6 | ..... | 7.54 |
| Portfolio Inv. Fd. | 71.0 | 74.3 | ..... | 6.41 |
| Universal Fd. | 40.7 | 43.7 | ..... | 3.03 |

**NEL Trust Managers Ltd.♥ (a)(g)**
Milton Court, Dorking, Surrey. 5911

| | | | | |
|---|---|---|---|---|
| Nelstar | 61.4 | 64.6 | −0.4 | 5.24 |
| Nelstar High Inc. | 47.7 | 50.2 | −0.3 | 8.15 |

**Norwich Union Insurance Group (b)**
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

| | | | | |
|---|---|---|---|---|
| Group Tst. Fd. | 375.4 | 395.2 | −2.5 | 5.36 |

**Pearl Trust Managers Ltd. (a)(g)(z)**
252, High Holborn, WC1V 7EB. 01-405 8441

| | | | | |
|---|---|---|---|---|
| Pearl Growth Fd. | 24.8 | 26.7 | −0.2 | 5.20 |
| Accum Units | 30.5 | 32.8 | −0.1 | 5.20 |

**Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)**
Holborn Bars, EC1N 2NH. 01-405 9222

| | | | | |
|---|---|---|---|---|
| Prudential | 135.5 | 144.0 | −0.5 | 5.22 |

**Quilter Management Co. Ltd.♥**
The Stock Exchange, EC2N 1HP. 01-600 4177

| | | | | |
|---|---|---|---|---|
| Quadrant Gen. Fd. | 118.1 | 123.1 | ..... | 3.87 |
| Quadrant Income | 134.3 | 138.5 | ..... | 8.67 |
| Quadrant Intl. Fund | 92.3 | 98.2 | ..... | 1.73 |

**Reliance Unit Mgrs. Ltd.♥**
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

| | | | | |
|---|---|---|---|---|
| Opportunity Fd. | 68.4 | 73.1 | ..... | 6.25 |
| Sekforde T. (Acc.) | 42.6 | 45.6 | −0.2 | 5.71 |
| Sekforde T. Inc. | 40.1 | 42.9 | −0.1 | 5.71 |

**Ridgefield Management Ltd.**
38-40, Kennedy St., Manchester 061-236 8521

| | | | | |
|---|---|---|---|---|
| Ridgefield Int. UT | 72.0 | 77.0 | ..... | 3.07 |
| Ridgefield Income | 88.0 | 94.0 | ..... | 9.69 |

**Rothschild Asset Management (g)**
72-80, Gatehouse Rd., Aylesbury. 0296 5941

| | | | | |
|---|---|---|---|---|
| N. C. Equity Fund | 171.6 | 182.9 | ..... | 4.07 |
| N.C. Engy. Res. Tst. | 114.2 | 121.5 | ..... | 2.47 |
| N.C. Income Fund | 148.9 | 158.4 | ..... | 8.06 |
| N.C. Intl. Fd. (Inc.) | 71.0 | 75.5 | ..... | 1.88 |
| N.C. Intl. Fd. (Acc.) | 73.1 | 77.7 | ..... | 1.88 |
| N.C. Smllr Coys Fd. | 182.2 | 193.8 | ..... | 4.06 |

**Rowan Unit Trust Mngt. Ltd.♥ (a)**
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

| | | | | |
|---|---|---|---|---|
| American July 26 | 60.0 | 63.0 | ..... | 1.53 |
| Securities July 24 | 191.0 | 201.0 | ..... | 3.81 |
| High Yield July 20 | 55.1 | 58.1 | ..... | 8.67 |
| (Accum. Units) | 82.8 | 87.2 | ..... | 8.67 |
| Merlin July 25 | 84.5 | 90.0 | +1.0 | 3.97 |
| (Accum. Units) | 107.8 | 113.5 | +0.1 | 3.97 |

**Royal Tst. Can. Fd. Mgrs. Ltd.**
48-50, Cannon St., London EC4M 6LD 01-236 6044

| | | | | |
|---|---|---|---|---|
| Capital Fd. | 70.3 | 74.1 | ..... | 3.50 |
| Income Fd. | 68.0 | 71.7 | ..... | 7.83 |

Prices at July 13. Next dealing July 31.

**Save & Prosper Group♥**
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds

| | | | | |
|---|---|---|---|---|
| Capital | 34.2 | 36.7 | +0.1 | 3.15 |
| I.T.U. | 24.6 | 26.4 | −0.2 | 4.87 |
| Univ. Growth | 63.7 | 68.4 | +0.4 | 3.04 |

Increasing Income Fund

| | | | | |
|---|---|---|---|---|
| High-Yield | 52.0 | 55.9 | −0.2 | 7.75 |

High Income Funds

| | | | | |
|---|---|---|---|---|
| High Return | 65.7 | 70.6 | −0.3 | 9.27 |
| Income | 44.0 | 47.3 | +0.2 | 9.44 |

# INSURANCE AND PROPERTY BONDS

# OFFSHORE AND OVERSEAS FUNDS

**Alexander Fund**
37, rue Notre-Dame, Luxembourg.

| | | | | |
|---|---|---|---|---|
| Alexander Fund | | US$7.93 | ..... | — |

Net asset value July 25.

**Allen Harvey & Ross Inv. Mgt. (C.I.)**
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

| | | | | |
|---|---|---|---|---|
| AHR Gilt Edg.Fd. | £12.68 | 12.70 | +0.02 | 12.02 |

**Arbuthnot Securities (C.I.) Limited**
P.O. Box 284, St. Helier, Jersey. 0534 76077

| | | | | |
|---|---|---|---|---|
| Cap. Tst. (Jersey) | 123.0 | 127.0 | ..... | 7.87 |

Next dealing July 23

| | | | | |
|---|---|---|---|---|
| Gov't Secs. Tst. | 95.5 | 99.0 | ..... | 12.63 |

Next dealing date July 30.

| | | | | |
|---|---|---|---|---|
| East &Intl.Tst.(CI) | 202 | 209 | +1 | 3.47 |

Next dealing date Aug. 9.

**Australian Selection Fund NV**
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

| | | | | |
|---|---|---|---|---|
| US$1 Shares | | $US1.48 | ..... | — |

Net asset value November 24.

**Bank of America International S.A.**
35 Boulevard Royal, Luxembourg G.D.

| | | | | |
|---|---|---|---|---|
| Wldinvest Income | 109.64 | 110.20 | ..... | 8.39 |

Prices at July 19. Next sub. day July 25.

**Banque Bruxelles Lambert**
2, Rue De la Regence B 1000 Brussels

| | | | | |
|---|---|---|---|---|
| Renta Fund | US$59.80 | 61.65 | −0.07 | 8.33 |

**Keyser Ullmann Ltd.**
25, Milk Street, EC2V 8JE. 01-606 7070

| | | | | |
|---|---|---|---|---|
| Fonselex | Fr2,306 | 2,456 | ..... | 2.48 |
| Bondselex | 116.55 | 122.48 | ..... | 2.49 |
| Central Assets | £148.40 | 148.46 | +0.06 | — |

**King & Shaxson Mngrs.**
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

| | | | | |
|---|---|---|---|---|
| Gilt Fund (Jersey) | 9.65 | 9.70 | ..... | 11.50 |
| Gilt Trust (I.o.M.) | 110.0 | 112.9 | ..... | 11.50 |
| Gilt Fnd. Guernsey | 10.01 | 10.06 | ..... | 11.50 |

Intl. Govt. Secs. Tst.

| | | | | |
|---|---|---|---|---|
| First Sterling | £23.95 | 24.10 | ..... | — |
| First Intl. | US$250.99 | 251.80 | ..... | — |

**Kleinwort Benson Limited**
20, Fenchurch St., EC3. 01-623 8000

| | | | | |
|---|---|---|---|---|
| Eurinvest | | LF1117 | ..... | 4.59 |
| Guernsey Inc. | 65.4 | 69.5 | ..... | 4.82 |
| Do. Accum. | 83.2 | 88.3 | ..... | 4.82 |
| KB Far East Fd. | | US$13.27 | ..... | 2.26 |
| KB Gilt Fund | £11.04 | 11.11 | ..... | 11.62 |
| KB Int.Bd.Fd.Inc. | | 101.25 | ..... | 9.20 |
| KB Int.Bd.Fd.Acc. | | 106.67 | ..... | |
| KB Intl. Fund | | $US12.49 | +0.08 | 2.38 |
| KB Japan Fund | | US$30.48 | ..... | 0.98 |
| K.B. U.S. Gwth. Fd. | | US$13.77 | ..... | 1.45 |
| Signet Bermuda | | $US5.26 | ..... | 1.90 |

**Lloyds Bk. (C.I.) U/T Mgrs.**
P.O. Box 195, St. Helier, Jersey. 0534 27561

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

[illegible]

### Five to Fifteen Years

[illegible]

### Over Fifteen Years

[illegible]

### Undated

[illegible]

## INTERNATIONAL BANK

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS

### Public Board and Ind.

[illegible]

### Financial

| 1979 High | Low | Stock | Price £ | + or − | Int. | Red. |
|---|---|---|---|---|---|---|
| 107 | 100 | Do. 14pc '79 | 101 | ...... | 14.24 | — |
| 108¾ | 98¾ | Do. 14pc '83 | 103¾ | ...... | 13.56 | 12.98 |
| 86½ | 77½ | ICFC 5½pc Deb. '80-82 | 85½ | ...... | 6.59 | 11.80 |
| 85 | 71½ | Do. 6¾pcDb. '81-84 | 78½ | −½ | 8.11 | 12.20 |
| 99 | 84½ | Do. 10½pc Uns.Ln. '86 | 91½ | −½ | 11.57 | 12.60 |
| 99 | 84½ | Do. 11pc Uns.Ln. '88 | 93 | −½ | 11.93 | 12.40 |
| 101½ | 84 | Do. 11¾pc Uns.Ln. '90 | 95 | ...... | 12.45 | 12.70 |
| 72½ | 57 | Do. 7¾pcADeb. '89-92 | 66½ | ...... | 11.13 | 12.70 |
| 69 | 53½ | Do. 7¾pcA Db. '91-94 | 66¾ | ...... | 11.33 | 12.60 |
| 81½ | 64½ | Do.9pc'A' '91-94 | 78½ | ...... | 11.98 | 12.70 |
| 78½ | 62½ | Do.8⅞pcLn. '92-97 | 72½xd | ...... | 12.34 | 12.70 |
| 101 | 95½ | Do. 12½pc. Uns. Ln. 1992 | 100½ | −½ | 12.91 | 13.00 |

## FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

[illegible]

S.E. List Premium 8½% (based on US$2.2300 per £)

## CANADIANS

[illegible]

S.E. List Premium 8½% (based on $2.2229 per £)

## BANKS AND HIRE PURCHASE

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |
| £121 | £64 | Deutsche Bank DM50 | £64 | −1½ | Q18% | — | 3.6 | — |
| 90 | 63 | F. C. Finance | 63 | −2 | 2.2 | 4.9 | 5.0 | 5.8 |
| 8¼ | 5¼ | First Nat. 10p | 6¼ | ...... | — | — | — | 0.5 |
| 4 | 2 | Do. Wrrts. 75-83 | 2½ | ...... | — | — | — | — |
| 16¼ | 13¼ | Fraser Ans. 10p | 13¼ | ...... | — | — | — | — |
| 266 | 178 | Gerrard Natnl | 250 | ...... | 9.12 | — | 5.2 | — |
| 62 | 39 | Gibbs (A.) | 50 | +1 | 2.2 | — | 6.3 | — |
| 270 | 217 | Gillett Bros. £1 | 245 | −1 | †16.95 | — | 10.4 | — |
| 29 | 19 | Goode D't Mry.5p | 21 | ...... | 0.25 | — | 1.7 | — |
| 153 | 113 | Grindlays | 113 | ...... | 3.07 | 7.5 | 3.9 | 3.5 |
| 120 | 94 | Guinness Peat | 95 | ...... | H5.67 | — | 8.5 | — |
| 330 | 173 | Hambros | 305 | ...... | 10.92 | — | 5.1 | — |

## BANKS & HP—Continued

[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

## HOTELS AND CATERERS

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[illegible]

## INDUSTRIALS

[illegible]

## INSURANCE

[illegible]


# FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.
Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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### EASTERN RAND

### FAR WEST RAND

### O.F.S.

### FINANCE

### DIAMOND AND PLATINUM

### CENTRAL AFRICAN



## MINES—Continued

### AUSTRALIAN

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 14 | 9 | Acmex | 12 | ...... | — | — | — |
| 14 | 4 | ACM 20c | 10 | −4 | — | — | — |
| 171 | 100 | Bougainville 50 Toea | 104 | +2 | Q15c | 1.0 | 7.4 |
| 140 | 84 | BH South 50c | 93 | ...... | — | — | — |
| 860 | 340 | Central Pacific | 740 | +10 | — | — | — |
| 318 | 170 | Conzinc Riotinto 50c | 176 | +6 | NQ10c | 2.0 | 2.9 |
| 36 | 16 | Cultus Pacific N.L. | 18 | ...... | — | — | — |
| 21½ | 11 | Endeavour 20c | 13½ | ...... | — | — | — |
| 98 | 62 | G.M. Kalgoorlie $1 | 87 | +2 | Z03c | — | 1.8 |
| 42 | 23 | Haoma Gold N.L. | 26 | ...... | — | — | — |
| 210 | 148 | Hamptn Areas 5p | 185 | −5 | 3.5 | ϕ | 2.7 |
| 71½ | 25 | Metals Ex. 50c | 34 | +2 | — | — | — |
| 275 | 168 | M.I.M. Hldgs. 50c | 171 | +3 | †Q9c | 1.7 | 2.7 |
| 15 | 15 | Minefields Expl. | 15 | ...... | — | — | — |
| 74 | 30 | Mount Lyell 25c | 30 | ...... | — | — | — |
| 44 | 14 | Newmetal 20c | 15 | ...... | — | — | — |
| 141 | 91 | North B. Hill50c | 94 | +1 | †Q8c | 1.3 | 4.4 |
| 22 | 11 | Nth. Kalgurli | 17 | +1½ | — | — | — |
| 40 | 22 | Nth. West Mining | 25 | +1 | — | — | — |
| 137 | 79 | Oakbridge $A1 | 79 | ...... | Q12c | 1.9 | 8.0 |
| 37 | 22 | Oilmin N. L. | 32 | ...... | — | — | — |
| 120 | 58 | Pacific Copper | 82 | +3 | — | — | — |
| £10¼ | 625 | Pancont'l 25c | 738 | −12 | — | — | — |
| 25¾ | 15½ | Pariaga M&Ex.5p | 20½ | ...... | — | — | — |
| 510 | 268 | Peko-Wallsend 50c | 280 | −5 | Q15c | 3.3 | 2.8 |
| 340 | 145 | Southern Pacific | 285 | +10 | — | — | — |
| 16 | 12 | West Coast 25c | 13 | ...... | — | — | — |
| 188 | 121 | Westn. Mining 50c | 129 | ...... | †Q3c | 0.7 | 1.2 |
| 11 | 9 | Westmex | 10 | ...... | — | — | — |
| 65 | 50 | Whim Creek 20c | 50 | ...... | — | — | — |
| 25 | 13 | York Resources | 13 | ...... | — | — | — |

### TINS

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 30 | 23 | Amal. Nigeria | 27 | ...... | 2.81 | 1.3 | 14.9 |
| 435 | 265 | Ayer Hitam $M1 | 280 | −5 | Q300c | 0.5 | 23.0 |
| 72 | 51 | Beralt Tin | 52 | ...... | 4.0 | 3.3 | 11.0 |
| 270 | 175 | Berjuntai $M1 | 180 | ...... | †Q110c | 1.0 | 15.0 |
| 160 | 125 | Geevor | 130 | ...... | 8.71 | 3.1 | 9.6 |
| 10½ | 8 | Gold & Base 12½p | 9½ | ...... | — | — | — |
| 365 | 295 | Gopeng Cons. | 325 | ...... | †18.0 | 1.4 | 7.9 |
| 370 | 295 | Hongkong | 320 | ...... | †12.5 | 2.8 | 5.6 |
| 98 | 64 | Idris 10p | 87 | ...... | †8.0 | 5.3 | 13.6 |
| 14 | 9½ | Jantar 12½p | 11 | ...... | ← | — | — |
| 95 | 58 | Kamunting $M0.50 | 68 | ...... | †Q12.5c | 2.1 | 4.0 |
| 620 | 210 | Killinghall $M1 | 340 | ...... | — | — | — |
| 465 | 365 | Malay Dredging $M1 | 388 | ...... | †175c | 0.7 | 1.7 |
| 57 | 28 | ΔPahang | 28 | ...... | — | — | — |
| 123 | 60 | Pengkalen 10p | 110 | −2 | 4.5 | 1.2 | 6.1 |
| 275 | 195 | Petaling $M1 | 205 | ...... | †Q120c | 1.3 | 12.6 |
| 85 | 62 | Saint Piran | 67 | ...... | †2.03 | 6.5 | 4.3 |
| 58 | 45 | South Crofty 10p | 46 | ...... | †4.19 | 2.0 | 13.0 |
| 230 | 170 | South Kinta $M0.50 | 180 | ...... | †Q145c | 0.6 | 17.3 |
| 405 | 285 | Stan Malayan $M1 | 335 | ...... | †Q190c | 1.0 | 12.2 |
| 310 | 210 | Sungei Besi $M1 | 255 | ...... | Q520c | ϕ | 58.4 |
| 75 | 45 | Supreme Corp. $M1 | 45 | ...... | Z018c | — | 4.8 |
| 105 | 94 | Tanjong 15p | 95 | ...... | 7.5 | 0.7 | 11.3 |
| 115 | 90 | Tongkah H. Tin | 90 | ...... | †Q24c | 0.7 | 6.0 |
| 280 | 190 | Tronoh $M1 | 200 | ...... | Q25c | 5.2 | 2.8 |

### COPPER

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 111 | 56 | Messina R0.50 | 78 | +2 | — | — | — |

### MISCELLANEOUS

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 81 | 54 | Barymin | 58 | −1 | — | — | — |
| 13½ | 10 | Burma Mines 17½p | 11½ | ...... | — | — | — |
| 345 | 170 | Cons. Murch. 10c | 270 | ...... | Z030c | — | 5.7 |
| 410 | 290 | Northgate C$1 | 290 | −10 | — | — | — |
| 362 | 226 | R.T.Z. | 252 | ...... | 11.5 | 2.7 | 6.5 |
| 31 | 18 | Robert Mines | 25 | +3 | — | — | — |
| 65 | 30 | Sabina Inds. C$1 | 34 | ...... | — | — | — |
| 880 | 525 | Tara Expln. $1 | 525 | −12 | — | — | — |

## GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| $17½ | $10½ | Buffels R1 | $15 | ...... | Q200c | ϕ | 16.7 |
| $15½ | 390c | East Drie R1 | $12⅞ | ...... | †Q115c | 1.6 | 10.5 |
| $10¾ | 350c | East Rand Prp. R1 | $18½ | ...... | †Q10c | — | 1.2 |
| $27⅞ | $18¾ | F.S. Geduld 50c | $27⅛ | −⅛ | †Q315c | 2.4 | 14.1 |
| $19⅝ | $11⅛ | Pres. Brand 50c | $18¾ | +⅛ | †Q150c | 3.2 | 9.7 |
| $18⅛ | $10¼ | St. Helena R1 | $17¼ | ...... | †Q190c | 1.4 | 13.3 |
| 760c | 407c | Stilfontein 50c | 690c | −5 | †Q66c | 1.7 | 11.6 |
| $35¼ | $18¾ | Vaal Reefs 50c | $33⅝ | +⅛ | †Q280c | 2.7 | 10.6 |
| $50¾ | $28¾ | West Drie R1 | $46¼ | −½ | Q615c | ϕ | 16.1 |
| $36½ | $22¼ | West Hldgs. 50c | $35½ | +⅛ | †Q415c | 1.4 | 14.1 |
| $18½ | $10⅜ | Western Deep R2 | $16¾ | −⅛ | †Q147½c | 2.1 | 11.3 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

[illegible]

"Recent Issues" and "Rights" Page 36



## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| Stock | Price | + or − |
|---|---|---|
| Albany Inv. 20p | 26 | ...... |
| Bertam | 24 | −1 |
| Bdg'wtr. Est. 50p | 415 | ...... |
| Clover Croft | 28 | ...... |
| Craig & Rose £1 | £11½ | ...... |
| Dyson (R. A.) A | 26 | ...... |
| Ellis & McHdy | 180 | ...... |
| Fife Forge | 54 | ...... |
| Finlay Pkg. 5p | 20 | ...... |
| Graig Ship. £1 | 295xd | +5 |
| Higsons Brew | 78 | ...... |
| Holt (Jos) 25p | 260 | ...... |
| I.O.M. Stm. £1 | 160 | ...... |
| Pearce (C. H.) | 265 | ...... |
| Peel Mills | 38 | ...... |
| Sheff. Refrshmt | 105 | ...... |
| Sindall (Wm.) | 155 | ...... |

### IRISH

| Stock | Price | + or − |
|---|---|---|
| Conv. 9% '80/82 | £86⅞ | ...... |
| Nat. 9¾% 84/89 | £71½ | ...... |
| Fin. 13% 97/02 | £84⅞ | ...... |
| Alliance Gas | 88 | ...... |
| Arnott | 345 | ...... |
| Carroll (P.J.) | 104 | +6 |
| Clondalkin | 79 | ...... |
| Concrete Prods. | 87 | ...... |
| Heiton (Hldgs.) | 82 | ...... |
| Ins. Corp. | 218 | ...... |
| Irish Ropes | 78 | ...... |
| Jacob | 40 | ...... |
| T.M.G. | 165 | +10 |
| Unidare | 84 | +1 |

## OPTIONS

### 3-month Call Rates

| | |
|---|---|
| **Industrials** | |
| A. Brew | 9 |
| BOC Intl. | 6 |
| B.S.R. | 7 |
| Babcock | 18 |
| Barclays Bank | 32 |
| Beecham | 52 |
| Blue Circle | 13 |
| Boots | 18 |
| Bowaters | 18 |
| B.A.T. | 28 |
| Brown (J.) | 50 |
| Burton 'A' | 26 |
| Cadburys | 7 |
| Courtaulds | 10 |
| Debenhams | 8 |
| Distillers | 21 |
| Dunlop | 6½ |
| Eagle Star | 16 |
| E.M.I. | 12 |
| Gen. Accident | 21 |
| Gen. Electric | 35 |
| Glaxo | 50 |
| Grand Met. | 14 |
| G.U.S. 'A' | 30 |
| Guardian | 24 |
| G.K.N. | 28 |
| Hawker Sidd | 26 |
| House of Fraser | 18 |
| I.C.I. | 24 |
| "Imps" | 8 |
| I.C.L. | 55 |
| Inveresk | 7 |
| KCA | 5 |
| Ladbroke | 22 |
| Legal & Gen. | 14 |
| Lex Service | 11 |
| Lloyds Bank | 25 |
| "Lofs" | 5 |
| London Brick | 7 |
| Lonrho | 8 |
| Lucas Inds. | 25 |
| "Mams" | 16 |
| Mrks. & Spncr | 11 |
| Midland Bank | 30 |
| N.E.I. | 14 |
| Nat. West. Bank | 28 |
| Do. Warrants | 15 |
| P & O Dfd. | 10 |
| Plessey | 10 |
| R.H.M. | 5 |
| Rank Org. | 25 |
| Reed Intnl. | 18 |
| Sears | 5½ |
| Spillers | 4½ |
| Tesco | 7 |
| Thorn | 35 |
| Trust Houses | 17 |
| Tube Invest. | 30 |
| Unilever | 55 |
| U.D.T. | 5 |
| Utd. Drapery | 10 |
| Vickers | 18 |
| Woolworths | 7½ |
| **Property** | |
| Brit. Land | 7½ |
| Cap. Counties | 9 |
| Land Secs. | 25 |
| MEPC | 17 |
| Peachey | 13 |
| Samuel Props. | 14 |
| Town & City | 2¼ |
| **Oils** | |
| Brit. Petroleum | 100 |
| Burmah Oil | 13 |
| Charterhall | 5 |
| Premier | 5 |
| Shell | 26 |
| Ultramar | 25 |
| **Mines** | |
| Charter Cons. | 16 |
| Cons. Gold | 20 |
| Rio T. Zinc | 27 |

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday July 27 1979



# Labour Party heads for its biggest row since 1950s

BY ELINOR GOODMAN, LOBBY STAFF

THE TWO wings of the Labour Party were set on a collision course last night despite an attempt by Mr. James Callaghan to assert his authority as leader of the Opposition and force the Left to back down.

At a joint meeting of Labour's National Executive Committee and the Shadow Cabinet, Mr. Callaghan warned that the party was in danger of tearing itself apart. He also made clear that he was prepared to fight the Left's proposals with all the weapons at his disposal.

In particular, he said the executive's proposal to abolish the Parliamentary leadership's power of veto over the manifesto contents—probably the most significant of the changes being pushed by Mr. Anthony Wedgwood Benn and others on the Left—was totally unacceptable.

The scene is set for the biggest row in the Labour Party since the 1950s. Mr. Callaghan was actively rallying the support of the big unions against the proposals for changing the party structure at this year's conference.

The block votes of the biggest unions may ensure that the most fundamental of the changes mooted do not get approved. But the signs yesterday were that the Left had no intention of backing down and that the rift between the Parliamentary leadership and the executive—which is elected by conference—was growing wider.

In the parliamentary party, support seemed to be growing for Mr. Callaghan. By last night over half the Labour MPs had signed a letter censuring the executive. Among the signatories were some Left-wingers and it looked as if the Left-wing Tribune Group in Westminster could also find itself sharply divided.

Yesterday's joint meeting of the executive and the Shadow Cabinet was originally called to discuss the questions of how the manifesto should be drawn up and how State funds for Opposition parties should be allocated. But the discussion was provocatively pre-empted by the executive on Wednesday when it voted in favour of the two changes without first giving the Shadow Cabinet a chance to express its views.

Mr. Callaghan and the other Shadow Ministers were yesterday clearly trying to rally support behind their case and remind the movement of the damage it was doing to itself by being seen to argue in public.

Mr. Callaghan warned that the party could be heading for a situation as crippling to its prospects as anything in the past—"including the 13 years from 1951 to 1964."

He said he would agree to an inquiry into the party's structure provided it was not regarded as the most important task before the party.

The atmosphere at yesterday's meeting was apparently less bitter than at Wednesday's executive meeting.

# Government policies 'misguided'

BY ALAN PIKE, LABOUR CORRESPONDENT

TUC GENERAL SECRETARY Mr. Len Murray said after a meeting yesterday between union leaders, Sir Geoffrey Howe, the Chancellor, and other Ministers that the Government's economic policies were "totally misguided."

Members of the TUC Economic Committee told the Chancellor they were alarmed by what they described as savage attacks on public services and the public sector as a whole. Mr. Murray said he was "depressed" by the meeting.

The trade unions, he said, wanted consultation and involvement, not antagonism, but they were not getting it.

While Mr. Murray avoided questions about the possibility of confrontation with the Government over its policies he warned that it would be unfair to blame working people if they acted to defend their living standards and jobs.

"If we are drawn back into this very narrow trade union function, I hope no-one is going to accuse us of irresponsibility."

Yesterday is likely to prove the last occasion on which union leaders will meet the Chancellor before the TUC Congress at Blackpool in September, when a report on the Government's economic policies will be made.

Mr. Murray stressed repeatedly his belief that the Government must consult the TUC on its policies. But consultation, he said, did not consist of being told about major decisions after they had been made and asked how they were going to be implemented.

He hoped the Government would listen to the TUC when it got back from the "highly theoretical and highly ideological" attitudes to which it was headed at the moment.

The TUC leaders told the Chancellor it was misleading for the Government to try to give the impression that tax cuts combined with public services cuts would increase living standards. They sought a forecast on the overall level of unemployment and jobs likely to be lost in the public sector.

There was discussion about the Government's proposals to change the economic structure of some public corporations with the union leaders arguing that restrictions on the activities of bodies like the Post Office and British Airways would be "irresponsible economically and socially."

Sir Geoffrey, who was accompanied by Sir Keith Joseph and Mr. John Biffin, told the union leaders that while there was very general agreement that there would be some increase in unemployment during the year ahead, the level of this could be crucially influenced by pay bargaining. There was an essential link between levels of pay and levels of employment.

# Sterling continues sharp rise

By Peter Riddell, Economics Correspondent

**STERLING was in strong demand again yesterday, rising against all major currencies. Widespread central bank intervention held up the dollar.**

**The sterling trade-weighted index jumped by 0.4 points to 74.0, its highest level since August 1975. This represents a 2.4 per cent rise since the weekend.**

**The pound rose by 80 points against the dollar to \$2.3295 after a high of \$2.3355. Sterling has also been very strong in the past few days against other currencies—rising to DM 4.24 last night against DM 4.21½ previously and DM 4.12½ last Friday.**

**Sterling has moved above Y500 for the first time since 1976 and last night's close of Y500.50 is 8½ per cent higher than at the beginning of June.**

**For once the strength of the pound was not reflected in the gilt-edged market where prices of medium and longer-dated stock fell by up to three quarters of a point. The new long-tap—11½ per cent Treasury 2003-07—closed at half a point discount on its £15 partly paid-form.**

**The rise in sterling is creating increasing problems for the Irish authorities. They appear yesterday temporarily to have stopped trying to hold the punt above 90p against sterling. The rate closed at 89p compared with the one-for-one parity before the link was broken at the end of March.**

**The dollar improved slightly against several currencies, rising to DM1.8190 from DM1.8150. Its trade-weighted index, as calculated by the Bank of England, was unchanged at 83.9. But this was only after significant central bank support from both sides of the Atlantic.**

**Stewart Fleming adds from New York: heavy official intervention over the past four weeks has resulted in official dollar purchases of about \$7bn according to estimates prepared by Morgan Guaranty Trust, the large New York bank, in its latest issue of World Financial Markets.**

**The bank says that pressure on the dollar has come mainly from the reversal of net private capital flows, and that the capital outflow has been associated with declining confidence in U.S. policies dealing with energy and inflation.**

# Charan Singh to form Cabinet

By K. K. Sharma in New Delhi

MR. CHARAN SINGH, aged 76, was asked by Mr. N. Sanjiva Reddy, the Indian President, yesterday to form a government in place of that headed by Mr. Morarji Desai, who resigned on July 15.

The Prime Minister-designate, who expected to form his Cabinet by tomorrow, has been asked to face a vote of confidence in the Lok Sabha (lower house of parliament) as soon as possible.

He has suggested that that should be sought by the third week of August at the latest.

Mr. Charan Singh, who resigned as Deputy Prime Minister and Finance Minister from Mr. Desai's Government on July 16, will head a coalition government in which his main partners will be the Congress, led by Mr. Y. B. Chavan, Leader of the Opposition.

The policies of the new government will be announced only after Mr. Charan Singh has consulted his coalition partners. But his published views on economic policy emphasise the development of agriculture and small industry, notably to combat unemployment.

Since his political base is among the country's millions of farmers, Mr. Charan Singh will have to make some gesture to them. His first Budget, as Finance Minister under Mr. Desai, presented last February, favoured farmers and taxed urban areas heavily.

## Differences

On foreign policy, Mr. Charan Singh is unlikely to make sweeping changes. He has shown little interest in foreign affairs and his solitary trip abroad was to Sri Lanka last year. Foreign policy has never been controversial.

At home, he will have to deal with the growing differences between the central government in New Delhi and the non-Janata governments in many of the country's 22 states.

Mr. Charan Singh's unstable coalition government will rest on the support, at best tenuous, of such people as Mrs. Indira Gandhi. Mr. Chavan's Congress Party may be expected to give him more positive support, partly because it will again be part of the Government after a break of 28 months.

Uncommitted groups include the Marxists, the Akali Dal (of Punjab) and other small parties. But Mr. Charan Singh may expect support from Janata Ministers and their followers who recently resigned from the Government, although they have not joined his Janata (S).

Indian economy, Page 4

# Congress and oil industry calm over Carter's profit tax plea

BY DAVID BUCHAN IN WASHINGTON

CONGRESS AND the U.S. oil industry reacted calmly to President Carter's appeal on Wednesday for Americans to help him defeat "a terrible struggle by the oil lobby to gut the windfall profits tax," which is before the Senate.

The President said expected Senate efforts to reduce the tax's proceeds by \$54bn in the 1980s would make it impossible to "reach our energy goals." The controversial windfall profits tax is designed to fund the \$142bn energy development programme Mr. Carter announced on July 15.

Flatly ruling out any introduction of exchange controls, Mr. Carter told his televised Press conference that the U.S. dollar would rise in value on international money markets once Congress passes his energy proposals.

Mr. Charles Dibona, President of the American Petroleum Institute, yesterday restated his industry's view that: "New taxes in addition to those already on the books are unnecessary," and might harm production.

Major oil companies this week announced sharp second quarter profit increases, though, and Senator Russell Long, Chairman of the Senate Finance Committee, has promised to put a windfall tax Bill on the President's desk by October 1.

But Mr. Long's version of the tax, which may include a plough-back provision exempting profits reinvested in production, may not suit the President's purpose.

The President's appeal was designed to persuade senators to follow the House of Representatives' lead in passing a profits tax that approximates to the strength of the Administration's original proposal in April.

Mr. Carter also attacked the House for its political timidity in failing to approve a stand-by petrol rationing plan, as was expected on Wednesday.

House democratic leaders withdrew the rationing plan Bill, after the House passed a complex amendment that would have virtually scuttled it. Mr. Thomas O'Neill, the House Speaker, said yesterday that many members: "Did not know what they were doing." But leaders were still faced with problems of how to reschedule the stand-by plan which is still considered vital.

As part of his drive to mobilise the public behind his policies, Mr. Carter said at his Wednesday news conference that he intended to hold more meetings outside the capital. He goes to Kentucky next Tuesday for the first.

The President denied sarcastically dissatisfaction with the Washington Press corps, but called their presentation of Mr. Hamilton Jordan's rise to chief of the White House staff: "One of the most grossly distorted events of my entire political career."

U.S. consumer prices up, Page 4

# British Airways 5% fuel cuts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SOME CUTS in British Airways' flights this winter and next year are expected to result from a reduction of 5 per cent in the airline's fuel consumption, requested by the Department of Trade.

Mr. Ross Stainton, chairman, announced the cuts in London yesterday, when he presented the airline's annual report for 1978-79. This showed a group trading profit before tax of £110m, compared with £79m in the previous year. Net profit, after tax, interest and other items, was £77.3m, against £36.9m in the previous year.

The pre-tax profit of £110m, "while satisfactory in a difficult year," said Mr. Stainton, was still some £30m short of BA's own target.

He said most of the shortfall resulted from events in the last part of 1978.

"These included exceptionally bad weather in Europe and North America, the strength of the UK pound in foreign exchange markets, the troubles in Iran, and the subsequent fuel price rises that resulted, and the continuing penalty of Trident technical difficulties."

For the current financial year, the airline is aiming at a pre-tax profit of £150m, but it is not yet able to say whether it will get it, because of continuing problems, including the soaring value of the pound, fuel shortages and price rises.

Mr. Stainton said that the airline's fuel bill for the current year was estimated to be 70 per cent up on last year's £240m, at over £400m.

To meet this problem, the airline was adopting many methods of reducing fuel consumption. These included buying new airliners, such as the Boeing 757 of which 19 are on order, and the Boeing 737, of which 23 are on order for both BA and British Airtours.

The Boeing 757 will burn between 30 and 40 per cent less fuel per passenger than the Trident Three jet, while Boeing 737 will use up to 25 per cent less fuel per passenger.

Other methods of cutting fuel use included reducing cruising speeds, improving route structure to cut out unnecessary flying, using more computer-controlled flight-management techniques to improve flying accuracy, and amending climb and descent procedures.

# Civil Service dispersal stopped

BY PHILIP BASSETT AND PAUL TAYLOR

THE GOVERNMENT yesterday halted a major part of the plan to move a further 25,000 civil service jobs from London to the regions. Curtailing the "dispersal programme" will save more than £200m in capital building and other costs in the five years to 1983/84.

The Government's decision, announced by Lord Soames, Lord President of the Council, marks a major scaling down of the programme adopted by the previous Labour administration and designed to reduce long-term revenue costs and provide jobs in the regions.

Under the Government's revised programme, a further 5,000 to 7,000 civil service jobs will be moved out of London. When added to the 5,000 jobs already relocated this means the programme has been reduced by about 60 per cent from its original 30,000 jobs target.

The announcement drew a mixed response from the civil service unions, in line with policy differences on the issue between the majority of the unions and the Society of Civil and Public Servants, which represents many grades most directly affected.

The Society said yesterday that cancelling the majority of the programme would not save public money but would destroy a sound public investment. The other civil service unions, which have been against the programme, broadly welcomed the announcement.

The Government, following an internal civil service review of the programme, has decided to stop all further dispersal except where a move is, or new buildings are, almost completed.

The largest schemes to continue involve moving 1,850 Manpower Services Commission jobs to Sheffield and 1,400 Ministry of Defence jobs to Glasgow.

THE LEX COLUMN

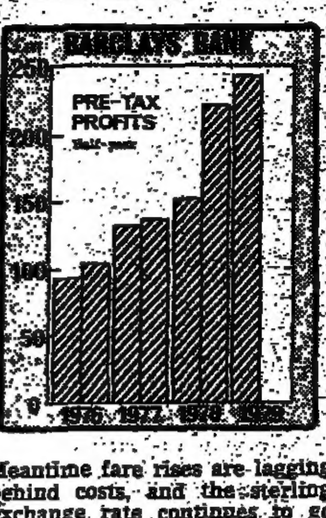
# Barclays heading towards £500m

Index fell 2.9 to 461.5

BARCLAYS BANK

PRE-TAX PROFITS

Half-yearly



After a couple of years superior profits growth it looks as if Barclays Bank is falling back into line with the herd. A 61 per cent increase in interim pre-tax profits, to £244m is very similar to Lloyds' recent performance but noticeably less than that of National Westminster. In addition, compared with the second half of last year Barclays' profits are only a tenth higher against a growth of around a sixth at NatWest and Lloyds.

However, Barclays does seem to be continuing to adopt a more conservative line on its bad debt provisions which have risen whereas the others have fallen. Meanwhile, the bank is keen to point out that on its figures at least, its pre-tax return on stockholders funds of 34.2 per cent is still above that of its rivals.

With the benefits of the sharp reduction in bad debt charges over the last couple of years now disappearing Barclays will find it hard to outperform the other clearing banks markedly in the domestic banking market from now on. International profits are marking time and Barclays appears to be as cautious as NatWest about the prospects for the second half. However, allowing for bankers' inherent conservatism, it full year profits should top the £500m mark against £373m last time.

This should throw up fully taxed earnings of around 100p per share which will give the company plenty of scope to increase last year's net dividend of 13.5p. However, Barclays is only promising a 17 per cent increase in the gross dividend. This seems to be slightly smaller than the latest staff salary increases. At 433p the shares are on a prospective yield of 5.4 per cent.

## British Airways

British Airways was budgeting for an operating surplus of around £120m for 1978-79, before interest and taxation, but only achieved £91m. For the current year the budget has been set at £150m—but again it looks as though BA is going to fall short, perhaps substantially so. Last time it was a series of problems late in the financial year, including bad winter weather, the Iranian revolution and fuel price rises, that caused most of the shortfall. In 1979-80 fuel costs are again seriously threatening margins—the fuel bill could jump from £240m to over £400m—and although traffic is buoyant so far there must be doubts about the strength of the world economy later on.

Meantime fare rises are lagging behind costs, and the sterling exchange rate continues to go the wrong way.

So it is highly uncertain whether the 1979-80 results can provide a platform for a Government share sale. As for the balance sheet, the current cost version shows capital employed of £1,185m (after writing Concorde down to nil), of which only 28 per cent is financed by debt. But authorised capital spending has shot up from £352m to £951m over the past year, and with gross cash flow only around £150m the debt ratio is plainly going to rise rapidly.

## Inchcape

The recent strength of sterling and memories of last year's nasty commodity trading losses have cast a shadow over Inchcape's share price this year. However, the 1978-79 out-turn (pre-tax profits are down from £62.3m to £41m) is no worse than expected, sterling did not wreak the havoc some had thought possible and the £18m worth of Dutch commodity losses are much in line with earlier estimates. In addition, the dividend is up by a tenth. All of this helped push the shares 18p higher to 278p where they now yield 8.6 per cent.

Aside from the commodity disaster, last year was not a good period for many of Inchcape's former moneyspinners. Nigerian profits were further depressed and are now a shadow of their former self, while the formerly lucrative Middle Eastern business is now making annual profits of just over £10m compared with a figure of more than £18m a couple of years ago.

It will take some time before Inchcape can get back on to its former growth path. In the current year it is saying that profits should be back to the 1977-78 level of £62m but the bulk of this recovery will reflect loss elimination in Holland. And anyway the 1977-78 profits were depressed by £5m of European losses.

## Davy Int.

As is forecast at the interim stage, Davy has closed an undistinguished year, showing profits little changed on 1977-78—£26.1m at the pre-tax level, against £25.4m. The lack of growth is largely the result of losses in some parts of the manufacturing business and provisions against plant contracts in Iran and the U.S. The good news is that McKee, which has not been the most acclaimed of acquisitions, made a contribution of £1.4m after financing costs in the 4½ months for which it was consolidated.

The inclusion of McKee flatters the group's order book, which shows a rise of £300m on the contracting side. Over the last six months the total group order book has held fairly static—not in itself a poor achievement against a gloomy industrial background, but some of the new business is on low margins.

Loss elimination and a full contribution from McKee should see Davy making over £30m in 1979-80, putting the shares on a fully taxed prospective p/e of under 6½ at 126p, which does not look dear, particularly as in terms of cover there is room for the company to raise its dividend usefully when conditions justify more confidence. But the longer-term outlook is unclear—the group itself makes a cautious statement on prospects—and the market is uneasy about the quality of plant construction earnings.

## British Land

British Land has followed its marginal profit half-time with a more decisive move into the black for the full year: at £3.36m this is the first surplus before tax since 1972-73. But £1.5m arose from share deals in companies like City Offices and Churchbury, and there is also an unquantified element of property dealing profits included which makes the quality of the earnings hard to assess. Still, the balance sheet confirms the return to health, with net debt down to £97m against a property portfolio valued at £209m on March 31. Net worth works out at 137p a share against a market price of 77p.

## Weather

UK TODAY

MAINLY DRY with sunny periods. Some showers later.

**England (except N.W.), Channel Is.**

Mainly dry, sunny periods. Scattered showers developing. Max. 26C (79F).

**Wales, N.W. England, Isle of Man, N. Ireland**

Mainly dry, sunny periods. Scattered showers developing. Coastal fog patches. Max. 22C (72F).

**S. and Cent. Scotland, Aberdeen**

Mainly dry, bright intervals. Max. 19C (66F).

**Orkey, Shetland**

Mainly cloudy and dry. Max. 13C (55F).

**Rest of Scotland**

Mainly cloudy, occasional rain.

**Outlook:** England and Wales warm, becoming unsettled. Scotland and N. Ireland occasional rain.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 26 | 79 | Lisbon | S | 27 | 81 |
| Algiers | C | 28 | 82 | Locarno | S | 25 | 77 |
| Amsdm. | S | 21 | 70 | London | F | 24 | 75 |
| Athens | S | 30 | 86 | Luxmbg. | F | 24 | 75 |
| Bahrain | S | 35 | 95 | Luxor | S | 38 | 100 |
| Barclna. | S | 27 | 81 | Madrid | S | 32 | 90 |
| Beirut | F | 29 | 84 | Majorca | S | 30 | 86 |
| Belfast | C | 13 | 66 | Malaga | S | 26 | 79 |
| Belgrd. | S | 28 | 82 | M'chstr | S | 21 | 70 |
| Berlin | R | 16 | 61 | Melbne. | S | 11 | 52 |
| Biarritz | S | 24 | 75 | Milan | S | 28 | 82 |
| Bmghm. | S | 22 | 72 | Montrl. | C | 22 | 72 |
| Blackpl. | F | 20 | 68 | Moscow | F | 23 | 73 |
| Bordx. | F | 31 | 88 | Munich | F | 22 | 72 |
| Boulgn. | S | 18 | 64 | Nairobi | R | 21 | 70 |
| Bristol | S | 23 | 73 | Naples | S | 28 | 82 |
| Brussels | F | 24 | 75 | Nwcstl. | C | 19 | 66 |
| Budpst. | F | 25 | 77 | N. York | C | 29 | 84 |
| B. Aires | C | 14 | 57 | Nice | S | 25 | 77 |
| Cairo | S | 36 | 98 | Nicosia | S | 29 | 84 |
| Cardiff | S | 21 | 70 | Oporto | F | 20 | 68 |
| Cas'b'ca | S | 23 | 73 | Oslo | C | 19 | 66 |
| Cape T. | C | 16 | 60 | Paris | S | 27 | 81 |
| Chicago | S | 23 | 73 | Perth | S | 16 | 61 |
| Cologne | F | 24 | 75 | Prague | C | 19 | 66 |
| Cpnhgn. | C | 15 | 59 | Rykjvk. | C | 11 | 52 |
| Corfu | S | 29 | 84 | Rhodes | S | 31 | 88 |
| Dublin | C | 19 | 66 | Rio J'o | C | 22 | 72 |
| Dbrvnk. | S | 29 | 84 | Rome | S | 29 | 84 |
| Ednbgh. | C | 19 | 66 | Salzbrg. | F | 24 | 75 |
| Faro | S | 26 | 79 | Singapr. | S | 29 | 85 |
| Florence | S | 30 | 86 | Stckhm. | F | 19 | 66 |
| Frankft. | F | 24 | 75 | Strasbg. | F | 26 | 79 |
| Funchal | S | 22 | 72 | Sydney | C | 12 | 54 |
| Geneva | S | 25 | 77 | Tangier | S | 29 | 84 |
| Gibrltr. | S | 25 | 77 | Tehran | S | 32 | 90 |
| Glasgow | C | 17 | 63 | Tel Aviv | S | 29 | 84 |
| G'nsey | F | 22 | 72 | Tenerife | S | 20 | 68 |
| Helsinki | F | 19 | 66 | Tokyo | C | 29 | 84 |
| H. Kong | S | 30 | 86 | Toronto | C | 22 | 72 |
| Innsbrk. | F | 26 | 79 | Tunis | S | 36 | 97 |
| Invrnss. | C | 16 | 61 | Valencia | S | 29 | 84 |
| I.o.Man | C | 16 | 61 | Venice | S | 25 | 77 |
| Istanbul | F | 25 | 77 | Vienna | F | 22 | 72 |
| Jersey | F | 23 | 73 | Warsaw | C | 17 | 63 |
| Jo'burg | S | 11 | 52 | Zurich | S | 24 | 75 |
| L. Pims. | F | 24 | 75 | | | | |

C—Cloudy F—Fair Fg—Fog R—Rain S—Sunny Sl—Sleet Sn—Snow.



...at the Post Office. Printed by St. Clement's Press for and published by The Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
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